United States Court of Appeals

for the Second Circuit

EXHIBITS

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74-2542

United States Court of Appeals

For the Second Circuit

CHRIS-CRAFT INDUSTRIES, INC.,

Plaintiff-Appellant-Cross-Appellee,

against

PIPER AIRCRAFT CORPORATION, HOWARD PIPER, THOMAS F. PIPER, WILLIAM T. PIPER, JR., BANGOR PUNTA CORPORATION, NICOLAS M. SALGO, DAVID W. WALLACE and THE FIRST BOSTON CORPORATION,

Defendants-Appellees-Cross-Appellants.

EXHIBITS ON APPEAL FROM FINAL JUDGMENT OF UNITED STATES DISTRICT COURT FOR THE SOUTHERN DISTRICT OF NEW YORK

VOLUME 4 — Pages 1209 to 1513

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NOTE REGARDING THE ORGANIZATION OF THE EXHIBITS ON APPEAL

In accordance with a stipulation entered into between the parties, the Exhibits on Appeal are a continuation of the ones submitted to the Court on the prior appeal, Docket No. 72-1064. Those exhibits consisted of two volumes, totalling 817 pages. Therefore, the exhibits on this appeal begin with Volume 3 and page 818.

Copies of the prior volumes of Exhibits on Appeal will be made available to the Court in connection with this appeal.

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APPRAISAL OF PIPER AIRCRAFT CORPORATION STOCK

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INTRODUCTION

The purpose of this report is to estimate the appraisal value of Chris-Craft Industries, Inc.'s (hereinafter referred to as "Chris-Craft") holdings in the stock of Piper Aircraft Corporation (hereinafter referred to as "Piper") as of September 5, 1969, the date upon which Bangor Punta Corporation (hereinafter referred to as "Bangor Punta") obtained sufficient shares of Piper stock such as would permit Bangor Punta to compel a merger.

As an additional consideration, the appraiser has been asked to determine whether or not the appraisal value for each share of the common stock of Piper is increased or decreased by reason of the fact that Chris-Craft has been reduced to a minority position.

In making an appraisal of the fair value of the common stock of Piper as of September 5, 1969, I have used the customary processes for determining appraisal value of stock as applied both to Pennsylvania and Delaware law.

SUMMARY OF LAW

Under the provisions of 15 Purdon's [Pennsylvania] Statutes §1515, any shareholder who objects to the elimination of cumulative voting or dissents from a proposed merger is entitled to an appraisal to determine the "fair value" of his shares "as of the day prior to the date on which the vote was taken without regard to any depreciation or appreciation thereof in consequence of the plan."

In determining appraisal value, the Courts of Pennsylvania have held that consideration must be given to all the factors and elements which reasonably might enter into fixing such value which include:

> "Asset value; market value; market prices of comparable companies; market price and earnings ratio; management and its policies; earnings; dividends; valuation of assets; reserves for various contingencies; tax liabilities; future earnings; predictions of future business events and etc. The list seems interminable and yet all factors must be considered and given their proper weight in order that a just result might be obtained." Austin v. City Stores Co. (No. 1), 89 Pa. D. & C 57 (1953).

As a further refinement of Judge Allessandroni's comments, the Supreme Court in In re Watt & Shand, 304 A. 2d 694 (1973), at page 698 defined the values which are to be considered in an appraisal as follows:

"Net Asset Value is the share which the stock represents in the value of the net assets of the corporation. Such assets include every kind of property and value, whether realty or personalty, tangible or intangible, including good will and the corporation's value as a going concern.

Investment Value is an estimate of present worth in light of past, present and prospective financial records of the company and is obtained by capitalizing earnings. There are two basic steps in the capitalization process: calculation of a representative annual earnings future, and choice of a capitalization ratio which reflects the stability and predictability of earnings of the particular corporation.

Market Value refers to the price at which the stock was selling on the market prior to the action which is objected to, disregarding any change in price due to the action."

Based upon these tests, the object of this report is to determine the appraisal value of Piper common stock as of September 5, 1969.

NATURE OF BUSINESS

Piper was formed as a Pennsylvania corporation in 1937 as an outgrowth of the Taylor Aircraft Company which had been in the general aviation business since 1931. After a fire in 1937, Piper was formed and was moved to Lock Haven, Pennsylvania, from Bradford. Between 1937 and 1947 some 14,000 single engine J3's (Piper Cubs) were produced for civilian consumption and approximately 6,000 were manufactured during World War II for the military. During this period, Piper was the undisputed leader in the light, single engine aircraft market.

The Piper policy for marketing its airplanes was inaugurated by William T. Piper through the process of fostering and encouraging the development of flight training schools which used the Piper planes as primary trainers.

From a modest beginning at Lock Haven, by the crucial date of 1969, Piper had expanded its manufacturing facilities in Lock Haven to 754,000 square feet, 548,000 square feet at Vero Beach, Florida, 258,000 square feet at Quehanna, Pennsylvania, and 38,000 square feet at Renovo, Pennsylvania.

In limiting the basic inquiry from 1960 through September 5, 1969,[1] the financial information reveals that

(1) Sales, market and earnings data are compiled as of September 30, 1969, the date of the nearest audited report. Both major competitors, Cessna Aircraft Company (Cessna) and Beech Aircraft Corporation (Beech) use the same fiscal year as Piper.

Piper Sales increased from 40.2 million dollars to 106.6 million dollars as of September 30, 1969, or an increase of some 265%. Net income increased from 3.5 million dollars to 4.8 million dollars, or an increase of 136%. As is typical, however, in a cyclical industry such as this, the sales and net income varied from year to year.

As of September, 1969, Piper in the single engine market controlled approximately 31% and was competing mainly with Cessna and Beech. In the twin engine market Piper had three entries and controlled 29.4% of the market and again basically competed with Cessna and Beech.

Overall the share of Piper's market in the single engine planes varied from 27% to a high in 1961 of 36.9% and in the twin engine market from 26.5% to a high in 1964 of 42.8%. Generally, Cessna outsold Piper in the single engine market by about two to one and Piper was approximately even with or ahead of Cessna in the twin engine market. Over this period, 1960 - 1969, Beech was not a major factor in single engines but was in twin engine.

The percentage of Piper sales both to total unit sales and sales volume in the industry is graphically shown by the following tabulation:

PIPER AIRCRAFT CORPORATION
(1960-1969)
Share of Industry Market

Year Ended 9/30	UNITS (1) Industry	UNITS Piper *	UNITS %	$ SHIPMENTS (1) Industry	$ SHIPMENTS (2) Piper *	$ SHIPMENTS %
1969	12,500	4,077	33	355,000	106,569	30.0
1968	14,000	4,474	32	340,000	96,724	28.4
1967	13,000	4,302	33	270,000	80,439	29.8
1966	14,667	4,284	29	305,000	81,313	26.7
1965	10,952	3,818	35	235,000	69,086	29.4
1964	8,664	2,933	34	200,000	54,378	27.2
1963	7,246	2,177	30	156,000	38,090	24.4
1962	6,626	2,223	34	140,000	33,340	23.8
1961	6,915	2,476	36	135,000	31,410	23.0
1960	7,745	2,595	33	155,000	40,212	26.0

(1) After 1965 includes only commercial plane sales with a standard price under $200,000.

(2) Includes Commercial plane sales, addition for other services, parts, etc., and Military plane sales.

* Source Piper Annual Reports 1960 through 1969.

Throughout the period under study, Piper produced a complete line of aircraft for use by private individuals, airport operators and others in the general aviation industry. Piper attempted to be competitive in its pricing policy by producing a single engine plane for use by a prospective pilot in a flight training school and after such prospect acquired his license, its whole marketing and sales direction was toward having this fledgling pilot move up to a more expensive airplane--still within the Piper line. As I understand it, this is the reason why Piper even today retails planes varying in price from the lowest priced model--the Cherokee Cruiser--with a suggested retail price of $11,990 to the Cheyenne Turbo Prop--with a suggested retail price of $429,000.

Early in the competitive game, Piper was extremely successful in underselling the single engine line with its chief competitor, Cessna. However, by the late 1950's and early 1960's, Piper's urge for perfection in its entire line of products substantially increased the cost in the lower end of the model line and Cessna, during that period of time, crept up in the total single engine aircraft industry market until by 1960, Piper was reduced to 33% of this line. This trend was

generally true throughout the 60's and into the early 70's.

In twin engine sales Piper generally was even with or ahead of Cessna through the 60's and early 70's and controlled on the average about 31% of this market.

Piper's marketing and sales program has not changed since 1969 and there seems to be no reason why this program will change after 1974. Its object in relation to the general aviation industry is to make further inroads in the flight center development through programs directed to and through the various dealers of which in 1969 it had 444 domestic and 161 international operating in 90 countries.

As Piper sees the future, the entire thrust of marketing and sales is toward (1) increasing private pilot starts, (2) engendering brand loyalty and (3) expanding products lines to cover every segment of the general aviation market.

In unit sales, Piper is light in the single engine market and holds its own in the light, medium and heavy twins. In all probability, the future of Piper will be to expand the single engine market and hold its own with the twins.

MARKET VALUE

Since 15 Purdon's [Pennsylvania] Statutes §1515 requires that the appraiser not consider any appreciation or depreciation which may have been as a result of the announcement of the plan, it seems fair to consider market value of the Piper stock at some date prior to the Chris-Craft and Bangor Punta contest for control. From the review of the market data, Chris-Craft made a public announcement of its tender offer on January 23, 1969. Even though there is some evidence in the record that Chris-Craft had been purchasing some stock in late December and early January, there was no appreciable market fluctuation until January 23. The fair market to consider then is the closing price as of January 22, the day prior to the public announcement, which was $52.50[(2)]. Tri-Continental Corporation v. Battye, 74 A.2d 71 (Delaware Supreme Court 1950); Jacques Coe & Co. v. Minneapolis-Moline Company, 75 A. 2d 244 (Del. Chan. 1950).

A review of the market data between January 22, 1969 and September 5, 1969 does not suggest, but for the contest for control, the investing public would have paid more than $52.50 per share. For example, the price/earnings ratios as of January 22, 22.25 and on September 5, 22.38.

(2) The rejected alternative is the market price as of September 5, 1969, $62.00 per share. Not only does this price reflect the contest for control, but, also, an extremely thin market on the Philadelphia-Baltimore-Washington Exchange.

INVESTMENT VALUE

Investment value as defined by In re Watt & Shand, 304 A.2d 694 (1973) is basically an estimate of present worth in light of past, present and prospective financial records obtained by a calculation of respective annual earnings and a choice of capitalization ratio. Although the Pennsylvania Courts have not defined per se the number of years over which earnings are to be calculated, it is apparent in that respect they have followed rather closely the Delaware law. See In re Watt & Shand, 304 A.2d 694 at 699. Delaware has for many years, as the Supreme Court in Watt & Shand did, used a somewhat arbitrary calculation of averaging the previous five-year earnings. Applying that average to Piper, the earnings are as follows:

1969	$2.92
1968	2.36
1967	1.83
1966	4.23
1965	3.82

$15.16 divided by 5 =
$ 3.03 5-yr. average earnings

In choosing an effective capitalization rate to be applied to the average annual earnings, one must in general look to the competitive position which Piper had in relation to the two main suppliers to the general aviation industry;

i.e., Cessna and Beech. Although several Delaware cases in computing capitalization of earnings ratio used an average price/earnings ratio over the five years preceding the date of merger, the most recent case, Francis I. DuPont & Co. v. Universal City Studios, Inc., 312 A.2d 344 (1973), recommended that the capitalization rate be calculated in accordance with the price/earnings ratio of the comparable industries as of the date of the merger. See 312A.2d 344, 348(3).

In considering the comparability of the two companies, Beech and Cessna, it is apparent that their dissimilarity weighs heavily against adopting the Universal City Studios approach; for example, both companies were substantially involved in the military production of aircraft and consequently market value must reflect the vicissitudes of defense spending. Beech, over the ten years prior to 1969, averaged 39.4% of its total sales to the military. Cessna, for the same period, averaged approximately 20%. In addition, Cessna, through its fluid power division during 1969, contributed approximately 17% to total sales; therefore as of 1969, 43% of Cessna's sales were not in the general aviation business and 22.8% of Beech's were likewise outside

(3) The companies used as comparables were Columbia, MGM, Paramount, Republic, 20th Century Fox, United Artists, MCA, Walt Disney and Warner Brothers.

of the general aviation category. Piper, on the other hand was involved less than 1% in sales to the military.

The similarities, however, are that they each competed at least in 1969 in the personal single engine market, the high performance personal twin engine market and the light and medium twin market. Piper had no entry by that year in the pressurized twin field, turbine or jet. Because of Piper's success in the total twin engine field, its share of the total market sales for general aviation planes under $200,000 was, as of September 30, 1969, 30%, and its total share by units of the industry was 33%.

The median price/earnings ratio for the three companies for the years 1965 through 1969 is as follows:

Year	Cessna	Beech	Piper
1965	12.1	13.4	12.2
1966	10.7	10.3	12.1
1967	13.8	13.3	21.2
1968	14.0	21.6	20.9
1969	11.4	68.2	20.5
AVERAGE[4]	12.4	25.4	17.4

[4] Median Price/Earnings Ratio between the two comparable companies is 18.9 cf. Felder v. Anderson, Clayton & Co. 159 A.2d 278 (Del. Ch. 1960) at 285.

If price/earnings ratios of comparable companies are eliminated, the appraiser is left with one major indicator.

Standard & Poor's 425 Industrial Average for the five years preceding September 30, 1969, is as follows:

1965	18.38
1966	15.24
1967	17.86
1968	18.06
1969	17.07
AVERAGE	17.32

It, therefore, appears that Standard & Poor's average of 425 Industrials more nearly approximates the average price/earnings ratio of Piper than that of either of the so-called "comparable" companies. Therefore, I would adopt the Standard & Poor's price/earnings ratio as a capitalization rate and using this capitalization rate with the average five-year earnings of Piper, results in an investment value of $3.03 x 17.32 or $52.48.

NET ASSET VALUE

In re Watt & Shand has defined net asset value as the going-concern value including every kind of property, tangible and intangible plus good will.

In trying to determine the asset value, I have visited each of the company's three major plants at Lock Haven, Pennsylvania, Vero Beach, Florida and Lakeland, Florida. In addition, I have reviewed the asset ledger as of September 30, 1969, and have discussed various of the assets with the comptroller and plant managers.

In general, I have found each of the three plants to be well-maintained and I must assume that the maintenance was on the same general order as of September 1969.

Parts of the Lock Haven Plant date back prior to 1937 when it was originally acquired. It has been the subject, however, of a great many capital improvements over the past ten years including the construction of a sales office in 1968, engineering building in 1961, with an addition in 1968, construction of an assembly building, crating and loading building and finishing building. The machinery and tooling from the asset ledger appears to

be modern. I found that the tooling fixtures and dies were written off for both tax and annual report purposes over a period of three years even though some of these jigs and fixtures date back to the early 40's and are still in use.

The Vero Beach Plant was originally placed on leased property and construction commenced in 1960 and has been continuous since that time. In 1969 it comprised of 548,000 square feet of what I would categorize as a modern manufacturing plant which could not have been replaced in 1969 at its cost.

The Lakeland, Florida Plant is situate upon 200 acres of ground owned by Piper. One hundred acres were originally purchased in February, 1969, and later expanded in 1972 to 200 acres. This Plant was built during 1969 at a total cost of 1.8 million dollars. Since it was not opened until 1970, this amount does not appear on the balance sheet under Property Plant and Equipment. The building comprises of some 162,000 square feet.

In 1968, Piper entered into a 25-year lease for a 257,000 square foot plant plus 36 acres of land at Quehanna, Pennsylvania at a rental which increases from $2,100 per month for the first five-year period to $2,420 per month. Also, in 1968 the Company purchased 641 acres of land in Renovo, Pennsylvania upon which there was located a small

manufacturing building of 30,000 square feet.

Starting with the book value as of September 30, 1969, of $23.02 per share, I would make the following additions: finished airplanes and service parts book value from $12,410,396 to $15,270,574, or an increase of $3,860,178.

This addition was necessitated by the fact that these items were complete and prepared for shipment at the time of the 1969 statement. The fair market value was computed by taking a percentage of sales to cost of sales and applying such percentage to the finished goods.

Property plant and equipment would be increased by the accumulated depreciation of $9,337,662. The buildings alone in September, 1969, could not have been replaced for book value thereof(5). The reproduction costs based upon insurance values recalculated from September 30, 1973, to September 30, 1969, alone exceed book value of those items by some 14 million dollars. I would additionally add to property plant and equipment that amount expended at Lakeland, Florida by September 30, 1969, which I am informed was approximately 1.6 million dollars. Unfortunately no appraisals were ever made on any of the Piper properties and the land and building assessments on the various locations are of little or no help.

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(5) An indication of value as of October 19, 1972, when all Piper land and buildings became subject to mortgages totalling 22 million dollars is that land and buildings had a book value of 15.3 million dollars as of September 30, 1972.

Deferred charges and other assets should be increased to reflect the fair market value of 10,734 shares of the common stock of Narco Scientific Corporation, $448,145 minus $4,189 cost or $443,956.

To summarize, therefore, the assets should be increased by the following:

Finished airplanes and service parts	$3,860,178
Properties Plant and Equipment	9,337,662
~~Lakeland Plant~~	~~1,600,000~~
Deferred Charges and Other Assets	443,956
	13,621,796
TOTAL	~~$15,241,796~~

which computes to be $~~9.27~~ 8.29 per share. Therefore, the net asset value is $23.02 plus $~~9.27~~ 8.29 or $~~32.29~~ 31.31.

WEIGHTING

There is little aid in the reported Pennsylvania cases on the question of what weight to ascribe to the various elements of value; but, since the Pennsylvania Courts refer with some deference to the reported cases of Delaware, there are a great number of Delaware cases which shed some light on this question.

Before the 1967 and 1969 amendments to the merger statute, 8 Del. C §262, the Delaware Courts had almost universally held that the two major elements in a going concern which should be given the greatest weight were earnings and market value. For example, the Supreme Court and the Court of Chancery both have held that market price is worthy of high weight because it is the most likely way in which an investor would have realized something on his investment. See In Re Olivetti Underwood Corporation, 246 A.2d 800 (Del. Ch. 1968); Application of Delaware Racing Association, 213 A.2d 203 (Del. Supreme Court 1965); Greene v. Schenley, 281 A.2d 30 (Del. Ch. 1971).

Since the 1967 and 1969 amendments, however, the legislature has substantially eliminated the appraisal remedy for stocks listed on a national securities exchange

on the implicit legislative determination that the market price of a listed security is the most objective and accurate indicator of its intrinsic value.

The reported cases in Delaware assign weights to market value in varying percentages: Application of Delaware Racing Association, supra - 40%; In Re Olivetti Underwood Corporation, supra - 50%; Jacques Coe & Co. v. Minneapolis-Moline Co., 75 A.2d 244 (Del. Ch. 1950) - 45%. Therefore, I am of the opinion that the market value should be weighted at 45%.

The Delaware Courts have generally held that earnings value or as it is denominated under the Pennsylvania cases "investment value", should have the next highest weight after market value. This is based to a great extent on the potential earnings of the corporation being appraised. As Mr. Fitzgerald pointed out in his testimony, the potential earnings for the year 1973 were $6 per share. Absent a disasterous flood in 1972, in all probability the excellent marketing and sales department of Piper could have achieved this goal. I think all the analysts certainly will agree that the outlook for the general aviation industry is excellent and was excellent in 1969. Therefore, I am of the opinion that

earnings value should be weighted at 40%.

Assets in cases where there are both market and earnings potential garner the least weight in the appraisal process and especially is this so where the assets are not liquid and/or readily convertible into cash. Levin v. Midland-Ross Corporation, 194 A.2d 50 (Del. Ch. 1963). The weight to be attributed to assets is even more questionable when one considers the necessary heavy reliance on book value even though somewhat adjusted. Therefore, I would assign the weight of 15% to assets.

SUMMARY OF APPRAISAL VALUE

In my opinion under the applicable Pennsylvania statute, the appraisal value of each share of common stock of Piper as of September 5, 1969, is as follows:

Market Value	$52.50 x 45%	=	$23.63
Investment Value	52.48 x 40%	=	20.99
Asset Value	~~32.29~~ 31.31 x 15%	=	~~4.84~~ 4.70
APPRAISAL VALUE			~~$49.46~~ 49.32

CHANGE OF VALUE BY REASON OF BANGOR PUNTA'S OBTAINING MAJORITY CONTROL AS OF SEPTEMBER 5, 1969

In determining the appraised value of Piper stock as of September 5, 1969, consideration was given to the fact that Bangor Punta had a 51% control of Piper as of that date. In the appraisal process, however, whether Bangor Punta owned 51% or 37% does not affect the determination of the appraised value of each share of Piper stock.

BIOGRAPHICAL INFORMATION

AUBREY B. LANK

Education:	University of Delaware, B.A., 1949 Georgetown Law Center, L.L.B., 1951
	Admitted to the Bar of the District of Columbia - 1951
	Admitted to the Bar of the State of Delaware - 1952
Legal Experience:	Law Clerk, United States District Court - 1951 - 1953
	Associate - Logan,Marvel, Boggs & Theisen 1953 - 1960
	Partner - Theisen and Lank, now Theisen, Lank and Mulford - 1960 to date
Background in Appraisal Proceedings:	Represented petitioning stockholders in Delaware Racing Association - 1964 - 1966
	Represented petitioning stockholders of American Sumatra Tobacco Corp. - 1965*
	Between 1956 and 1966 handled approximately 10 appraisal proceedings for Colonial Realty Corp., a private foundation, against Transitron Electronic Corporation, United Airlines, Inc., Reynolds Metals Co., Hilton Hotels Corporation, Signal Oil and Gas Co., The Crowell-Collier Publishing Company, Northern Natural Gas Company and Brunswick Corporation.
	1963 - Appointed by the Court of Chancery to appraise the common stock of Industrial Rayon Corporation.
	1967 - Appointed by the Court of Chancery to appraise the stock of The Platt Corporation.

1973 - Appointed by the Court of Chancery as Appraiser to appraise stock of Schenley Industries, Inc.

*Since 1967 and 1969 amendments to the Delaware Corporation Law, appraisal proceedings are not applicable where (1) the securities are registered on a national securities exchange or (2) held of record by not less than 2,000 stockholders.

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Goldman Sachs

OPINION ON MARKET VALUE OF

697,495 SHARES OF COMMON STOCK OF

PIPER AIRCRAFT CORPORATION

Prepared by: Donald R. Gant
Partner
Goldman, Sachs & Co.

I. SUMMARY OF OUR ASSIGNMENT AND CONCLUSIONS

We have been asked to express our opinion as to the market value on September 5, 1969 of a block of 697,495 shares of common stock of Piper Aircraft Corporation ("Piper") owned by Chris-Craft Industries, Inc. ("Chris-Craft"), representing approximately 42% of the outstanding Piper shares, under two assumed circumstances:

1) That Bangor Punta Corporation ("Bangor Punta") owned approximately 37% of the outstanding Piper shares and the remaining 21% were in the hands of the public;

2) That Bangor Punta owned approximately 51% of the outstanding Piper shares, with the remaining 7% held by the public.

After reviewing the alternatives available to Chris-Craft for disposing of its Piper shares, we have concluded that the one which would have produced the highest net proceeds per share under each of the circumstances cited above was an underwritten public distribution of the shares. We are further of the opinion that such a distribution could have been made at an offering price in the range of $44 to $46 per share and that the offering price would have been the same regardless of whether Bangor Punta owned 37% or 51% of the outstanding Piper shares. After estimated underwriting fees and other expenses, Chris-Craft would have realized net proceeds of between $41.60 and $43.50 per share.

II. CONSIDERATION OF A PUBLIC OFFERING

We are aware that Plantiff's counsel in its memorandum of Law on Damages and Injunctive Relief and Plantiff's three expert witnesses in their reports have expressed the position that the acquisition by Bangor Punta of a 51% interest in Piper so damaged the marketability of Chris-Craft's shares that if an underwritten offering could have been made at all it would have required a ridiculously low price in relation to the intrinsic value of the Piper shares. The primary factors cited in support of these contentions are (a) the fact that minority shareholders have no effective voice in such matters as choosing management, setting policy, dividends, etc., and (b) the potential threat of a merger of Piper into Bangor Punta through the exercise of Bangor Punta's voting control, thereby forcing the minority shareholders to either accept an unknown package of Bangor Punta securities or to pursue uncertain appraisal rights. We do not agree that either of these factors would have represented a significant obstacle to a public offering of Chris-Craft's Piper shares after Bangor Punta achieved a majority position.

With regard to the lack of effective voting control, it is our opinion that voting control commands a premium only from those who are in a position to exercise that control. This does not include the public shareholder who generally regards his option, if he disapproves of the way a company is being managed, as being the right to sell his shares. Witness the great number of public corporations in which managements have maintained their positions through long periods of indifferent results, not through control of a significant percentage of the outstanding shares but through control of the proxy

soliciting mechanism. Some indication of the value the public places on voting rights can be gained by studying the price performance of shares in companies which have two classes of stock outstanding, identical in all respects except that one class has superior voting rights. We have compiled statistics on several such companies and present them in Annex A. It can be seen that the two classes generally tend to sell relatively close to one another over a period of time and any premiums or discounts which arise from time to time can probably be ascribed to short-term market factors rather than fundamental differences in valuation.

Another indication of the public investor's indifference to a minority voting position is the great number of initial public offerings which have been successfully made with a single individual or family group retaining a majority of the outstanding shares. For example, in December 1969 Goldman Sachs managed a successful offering of 1,000,000 shares of Technicon Corporation, representing less than 5% of the outstanding shares while the president of the company retained 92% of the stock. Perhaps even more germane to the case at hand are those situations in which a corporation makes a public offering of a minority interest in the shares of a subsidiary while retaining voting control and with it the right to change management, suspend dividends and even merge the subsidiary back into the parent or into another company. Annex B presents a summary of several such offerings during the last few years, including the price earnings ratios at which they were offered and subsequent price action. Goldman Sachs has managed or co-managed a number of such offerings and we have not found the majority position of the parent to be a

significant factor in the pricing of these issues or in the reception accorded them by the investing public. This has been true despite the fact that in many cases the parent was a "conglomerate" type company. The investing public has seemed to be more interested in the quality of the management of the company in which they are investing than in who holds majority voting control. Since Piper's management was substantially unchanged in September 1969, we do not believe that Bangor Punta's 51% control position would have been a negative factor in the sale to the public of Chris-Craft's minority holding.

Of course, it can be argued that Bangor Punta's majority position represented a more immediate possibility of merger than the situations described above since Bangor Punta had just won its battle for control of Piper and had not yet decided whether it would pursue a further step of merger or consolidation. However, legal proceedings by Chris-Craft were already underway which have effectively prevented Bangor Punta from exercising its majority control to effect a merger and this situation will continue for a period of at least five years after the settlement of this case. This is certainly a distant enough time horizon to remove the threat of merger as a consideration to most investors. Even if the knowledge of this moratorium cannot be assumed to have been available to investors in September 1969, Bangor Punta as the "parent" and its principal officers as directors of Piper would have been parties to the registration statement covering the Chris-Craft shares and would have been required to disclose the details of any plan of merger or to state that it had no such plans. Such a disclaimer would have provided the investor with a basis to assume that a merger would not be

effected for some reasonable period of time after the offering.

Beyond that, the prospect of a merger of the minority interest in Piper into Bangor Punta at some indefinite time in the future would not necessarily have been a negative factor to investors contemplating the purchase of Piper shares. In September 1969, we had just experienced an unprecedented period of merger activity and takeover bids in which substantial premiums were paid to the shareholders of acquired companies. To the average investor then, owning shares in a company that was sought by an acquiror raised the prospect of receiving a premium price for his investment. Even in mergers where the acquiring company already held majority control, it has been our experience that the value offered to the minority shareholders has invariably represented a premium over the market value of their shares prior to the merger announcement. To substantiate this we have researched the activities of certain of the leading conglomerates to determine how they treated minority shareholders in mergers of companies in which they had previously acquired a majority position. The results of this research, which are summarized in Annex C, indicates that in each case the minority shareholder received a premium over the market value of his shares prior to the merger announcement and in many cases a substantial premium. We have also reviewed situations where a controlling company chose to increase its ownership through a tender offer rather than a merger and data for certain of these transactions during the period 1969 to 1971 are presented in Annex D. Again substantial premiums were generally offered, even though these companies presumably could have gone the merger route if they felt they could have achieved their objectives at a lower cost.

All of this confirms our own experience that companies seeking to acquire minority shares generally recognize that regardless of their theoretical absolute voting power, they must offer the minority shareholders a fair value or risk protracted and expensive legal proceedings, in addition to the bad public relations involved. This would certainly have been a significant deterrent to Bangor Punta's proposing a merger that was less than fair to the minority shareholders since with 49% of the stock still outstanding it could not have exposed itself to the risk of a future damage award at a price over which it had no control, in view of the substantial cash requirements that could potentially be involved.

For these reasons, it is our opinion that potential purchasers of Piper stock would not have regarded the possibility of a merger into Bangor Punta at some future time as a significant negative factor since they had reason to assume that in any such merger they would be treated fairly.

Determination of Public Offering Price

In considering the price at which Chris-Craft's Piper holdings could have been sold in an underwritten public offering, it is useful to review the market climate as it existed in early September 1969. The stock market averages had reached their peak for the year in May at a level slightly below their all-time high. The market had then trended lower throughout the summer, reflecting investor concern over sharply rising interest rates and the uncertain economic outlook for 1970. At September 5, 1969 the market was approximately 13% below its May high point, as measured by both the Dow Jones Industrial Average and the Standard & Poor's 425 Industrial Price

Index. Despite this downward trend in the market, substantial common stock offerings were being made during this period as indicated by Annex E which presents certain data for all industrial common stock offerings in excess of $20 million made during 1969. In our view, it would have been possible to make an underwritten secondary offering of approximately 700,000 shares of Piper stock at that time. Piper was a familiar name to investors and was regarded as perhaps the most attractive vehicle for participation in the general aviation industry, which was considered to have good long-term growth prospects. Piper was completing a year in which it had registered substantial increases in sales and earnings and its management was virtually unchanged, despite the controversy in which the company had been embroiled during the preceding nine months.

Despite these positive factors, the willingness of the market to absorb a 700,000 share offering of Piper stock would obviously be conditioned upon an offering price that was realistic in relation to market conditions as they existed in early September 1969. In this connection the price at which Piper stock was then selling and had sold during most of 1969 had little relevance because of the extent to which such prices had been inflated by the Chris-Craft tender offer, the competing exchange offers and open market purchases of the two competitors for control. In reaching an opinion as to the price level at which we believe an offering could have been made, we have reviewed historical financial information for Piper and its competitors (principally Cessna since Beech was experiencing a severe decline in earnings in 1969 which made comparisons of little value), the quarterly trend of sales and

earnings for Piper during the 1969 fiscal year, the historical relationships between Piper's price earnings ratio and those for Cessna and the Standard & Poor's Industrials, and other relevant data on Piper and the general aviation industry. Certain of this data is summarized in Annexes F through I. Much of the data we have reviewed has already been included in the experts reports submitted previously, and we have chosen not to repeat it here. Our analysis led us to the conclusion that the offering could have been made at a price which capitalized Piper's earnings for the 12 months ended June 30, 1969 of $2.86 per share at a ratio equal to or slightly below that of the Standard & Poor's Industrials and at approximately a 25% premium over Cessna's price earnings ratio. This translates into an estimated offering price in the range of $44 to $46 per share and Annex J shows how these prices compared to the prevailing prices for Cessna, Beech and the Standard & Poor's Industrials in terms of price earning ratios, dividend yields and relationship to book value.

From an offering price in the above range, Chris-Craft would have had deductions for underwriting commissions and other expenses such as printing, auditors fees, counsel fees, etc. We estimate the gross underwriting spread would have been approximately 5%. Comparative spread data for common stock offerings of $20 million or more in 1969 are presented in Annex E. Our estimate for other expenses is in the range of $100,000 to $150,000, or approximately 20¢ per share. Deducting these amounts from the estimated offering prices of $44 to $46 would result in net proceeds to Chris-Craft of between $41.60 and $43.50 per share.

III. SALE OF CHRIS-CRAFT'S HOLDING TO A CORPORATE PURCHASER

Another possible alternative for the disposal of Chris-Craft's Piper stock on September 5, 1969 was through a sale to another company, presumably one interested in entering the battle for control of Piper. Chris-Craft's counsel and expert witnesses point out that this possibility was effectively foreclosed when Bangor Punta achieved a majority position and we agree with this conclusion, except for the possibility of a purchaser willing to buy out both contenders. We do not agree, however, that such a sale of Chris-Craft's 42% interest to a third party was a viable alternative to a public offering even had Bangor Punta's ownership been only 37%.

Consider the situation that would have confronted a successor to Chris-Craft in September, 1969. While he would have inherited a five percentage point lead in the battle for control of Piper, he would have been facing a formidable adversary who had the support of management, cash resources of about $12 million plus additional financing capability, and a demonstrated commitment to the battle, reinforced by a contractual agreement with the Piper family to use its best efforts to achieve a majority position. Some measure of the extent of that commitment could be seen in Bangor Punta's aggressive purchases of over 100,000 shares of Piper in the open market during the preceding month at prices averaging approximately $80 per share. Considering that these purchases were made with little competition from Chris-Craft, which had depleted its cash resources by that time, one can only speculate as to how high the price might have gone in a competition between two determined bidders.

Any prospective entrant then would have had to recognize that in addition

to the price paid to acquire Chris-Craft's holdings he had to be prepared to risk an unknown but substantial amount of cash (since he could not count on having the time to prepare a registration statement for an exchange offer of securities) in an attempt to buy control. If his efforts proved unsuccessful, he would risk the loss of any premium he paid Chris-Craft over the realistic market value of its block together with the premium on any shares acquired in the market. Even if he won, he would control a company whose management was opposed to him with no assurance he could retain key executives. He would also have a substantial minority shareholder to contend with in any future actions he may wish to take. Furthermore, he could probably expect to become involved in the substantial litigation that was being carried on between the various parties.

Given the risk-reward ratio involved, we doubt that this proposition could reasonably have been expected to find any takers, particularly among those companies outside the conglomerate ranks for whom the support and continuity of management is generally a prerequisite to an acquisition outside their own field, and to whom the litigation and publicity aspects of the contest would have been disturbing. We also doubt whether even the more aggressive conglomerate operators, some of whom might have found this an interesting challenge a year earlier, would have viewed it as such in September 1969. The acquisition activity of conglomerates had reached a peak in 1968 and was in a state of rapid decline in the latter part of 1969, primarily as a result of sharply rising interest rates and plummeting prices for conglomerate shares. The Standard & Poor's conglomerate index at September 5, 1969 had registered a 35% decline

from its 1969 high and a 45% decline from its all-time high recorded in 1968.

In short, the acquisition game had undergone substantial change during the period Bangor Punta and Chris-Craft had been engaged in their contest for Piper, raising serious questions about the economic soundness of their efforts, considering the relative attractiveness of the prize and the sizeable investments they had incurred and were committed to incur if they continued the struggle. We consider it highly unlikely that another conglomerate would have had any interest in bailing Chris-Craft out of its predicament and particularly at a premium over what could be regarded as the fair market value of the stock at the time.

IV. PRIVATE PLACEMENT WITH INSTITUTIONAL INVESTORS

Another theoretical alternative, which merits only passing consideration, is the possibility of placing Chris-Craft's Piper shares with institutional investors on an investment letter basis. This was another aspect of the "go-go" years that had fallen a victim of the times by September 1969. Many of the hedge funds and mutual funds that had specialized in this type of investment had already experienced liquidity problems and substantial write-offs and the S. E. C. had begun an investigation of investment letter transactions. Against this background, we do not believe it would have been possible to place approximately 700,000 shares of Piper on an investment letter basis and any placements that could have been made would have required such a steep discount from market as to make this alternative unattractive in comparison with an underwritten public offering. This conclusion would be the same regardless of whether Bangor Punta's position were 37% or 51%.

V. SUMMARY

Our review of the principal options available to Chris-Craft for the disposal of its Piper stock on September 5, 1969 leads us to the conclusion that the one which would have yielded the highest net proceeds was an underwritten secondary offering of the shares. We are further of the opinion that the block in question could have been offered on that date at a price in the range of $44 to $46 per share, and that the offering price would have been the same regardless of whether Bangor Punta owned 37% or 51% of the outstanding Piper shares. After estimated underwriting fees and other expenses, Chris-Craft would have realized net proceeds of between $41.60 and $43.50 per share.

COMPARATIVE PRICE ACTION OF VOTING AND NON-VOTING STOCKS

ANNEX A

Company	Stock	Voting Rights (a)	Number Of Shares Outstanding (000's) (b)	Exchange	PRICE OF VOTING STOCK AS A PERCENT OF NON-VOTING 7/31/72	6/30/72	5/31/72	4/30/72	3/31/72	2/29/72	1/31/72
American Maize Products	Cl. A	(Ltd Vtg)	2,597	ASE	100.0	96.7	95.4	98.0	100.9	95.5	101.7
	Cl. B	(Vtg)	1,299	ASE							
Brown-Forman Distillers	"A"	(Reg Vtg)	3,546	ASE	96.6	98.8	103.2	102.7	100.4	97.3	99.6
	Cl. B	(Non-Vtg)	7,883	ASE							
Cannon Mills	Common	(Reg Vtg)	991	OTC	101.0	100.4	100.0	101.0	100.5	103.5	101.1
	Cl. B	(Non-Vtg)	868	OTC							
Home Oil	Cl. A	(Non-Vtg)	4,785	ASE	97.7	100.8	96.1	100.0	98.2	96.2	99.2
	Cl. B	(Vtg)	2,573	ASE							
Loblaw Cos.	Cl. B	(Vtg)	7,965	CAN	100.0	100.0	100.0	101.9	101.9	102.0	100.0
	Cl. A	(Non-Vtg)	3,323	CAN							
Molson Industries	Cl. B	(Vtg)	5,169	CAN	101.3	98.1	99.5	101.2	97.3	97.8	99.4
	Cl. A	(Non-Vtg)	8,361	CAN							
A. C. Nielsen	Cl. B	(Vtg)	1,820	OTC	100.8	100.0	101.3	99.2	99.5	100.5	100.0
	Cl. A	(Non-Vtg)	3,479	OTC							
Plymouth Rubber	Cl. A	(Vtg)	815	ASE	113.3	116.7	112.5	108.6	117.1	121.1	107.5
	Cl. B	(Non-Vtg)	834	ASE							

(a) All non-voting shares have voting rights in limited circumstances, i.e., upon default on debt, etc.
(b) As of July 31, 1972.

Company	12/31/71	11/30/71	10/31/71	9/30/71	8/31/71	7/31/71	6/30/71	5/31/71	4/30/71	3/31/71	2/28/71	1/31/71
American Maize Products	98.3	99.0	101.9	104.5	100.0	101.9	96.3	95.7	98.4	99.2	99.2	98.9
Brown-Forman Distillers	97.3	99.6	102.5	98.3	107.4	103.4	96.9	103.0	103.2	100.1	105.7	101.0
Cannon Mills	100.0	102.8	104.3	102.8	104.1	103.4	102.0	100.0	113.5	102.5	100.0	101.3
Home Oil	97.1	101.8	03.6	99.6	100.4	103.9	98.4	97.5	101.8	97.7	105.1	100.0
Loblaw Cos.	100.0	100.0	98.0	100.0	97.8	100.0	102.3	100.0	100.0	104.9	99.0	100.0
Molson Industries	100.0	103.8	98.5	100.0	97.2	98.6	100.0	97.1	96.7	98.5	97.7	100.0
A. C. Nielsen	100.0	99.7	100.0	102.4	104.5	100.3	100.5	102.1	100.5	100.0	101.1	100.0
Plymouth Rubber	108.6	108.3	105.0	104.7	102.4	112.5	115.9	119.5	117.4	125.0	115.0	108.6

Company	12/31/71	11/30/70	10/31/70	9/30/70	8/31/70	7/31/70	6/30/70	5/31/70	4/30/70	3/31/70	2/28/70	1/31/70
American Maize Products	98.6	98.6	97.1	100.0	98.2	93.9	100.0	101.4	100.0	103.9	96.2*	98.7
Brown-Forman Distillers	101.0	95.8	103.3	96.0	100.0	95.9	100.0	94.9	97.3	101.9	98.4	98.8
Cannon Mills	101.4	101.6	103.1	100.0	100.0	100.0	110.3	103.3	101.5	106.5	110.3	104.2
Home Oil	101.4	98.6	103.8	102.4	102.2	101.5	120.1	113.0	100.9	100.7	96.1	96.1
Loblaw Cos.	102.1	99.9	102.8	100.0	104.3	95.9	103.0	103.3	103.3	101.8	101.9	100.0
Molson Industries	100.0	96.0	101.0	100.0	98.2	100.0	106.0	103.7	98.5	94.4	108.3	95.8
A. C. Nielsen	100.0	100.6	100.0	100.0	100.0	101.4	100.0	100.0	100.0	100.0	100.0	100.0
Plymouth Rubber	110.7	106.7	100.0	106.6	103.7	103.7	100.0	103.0	102.9	112.8	111.6	100.0

* Listed Class A and Class B - Prior to September 1969 American had only common stock.

Company	12/31/69	11/30/69	10/31/69	9/30/69	8/31/69	7/31/69	6/30/69	5/31/69	4/30/69	3/31/69	2/28/69	1/31/69
American Maize Products	98.6	93.8	98.8	100.0	-	-	-	-	-	-	-	-
Brown-Forman Distillers	96.5	101.1	103.4	100.0	97.6	100.0	100.6	96.9	102.6	101.9	102.5	103.0
Cannon Mills	105.9	104.1	103.9	100.0	106.1	100.0	100.0	102.4	103.8	101.2	101.2	100.0
Home Oil	95.7	91.8	91.4	90.5	87.8	89.5	90.5	91.5	95.2	95.6	99.7	98.3
Loblaw Cos.	98.1	101.8	101.9	101.7	98.2	100.0	103.8	100.0	100.0	101.9	101.9	100.0
Molson Industries	97.0	1. .2	100.0	100.0	101.3	100.0	100.6	100.0	100.0	99.0	101.8	100.0
A. C. Nielsen	100.0	100.0	100.0	102.6	100.8	104.3	100.0	100.0	100.0	100.0	101.5	100.0
Plymouth Rubber	114.3	112.5	101.9	105.5	98.4	103.4	100.0	101.4	101.4	102.6	111.0	103.3

Company	12/31/68	11/30/68	10/31/68	9/30/68	8/31/68	7/31/68	6/30/68
American Maize Products	-	-	-	-	-	-	-
Brown-Forman Distillers	102.4	102.3	109.1	106.5	102.5	111.3	104.5
Cannon Mills	103.1	102.5	100.0	100.0	100.0	101.3	100.0
Home Oil	93.8	97.2	98.9	99.6	98.4	100.0	94.0
Loblaw	98.4	100.0	100.0	102.6	101.4	101.4	106.6
Molson Industries	98.1	101.0	100.9	102.7	104.1	99.0	101.4
A. C. Nielsen	102.1	100.7	99.3	100.0	100.0	100.0	100.0
Plymouth Rubber	103.5	109.1	108.8	104.7	108.6	118.0	104.4

ERTAIN DATA RE PUBLIC OFFERINGS OF SUBSIDIARY COMPANIES

ANNEX B

Date of Spin-Off	Parent / Subsidiary	Percentage Owned Before Spin-Off	Percentage Owned After Spin-Off	Offering Price of Spin-Off Company	Latest 12 Mos. P/E	S & P 425 Index	SUBSEQUENT PRICE ACTION: Three Months	S & P 425 Index	Six Months	S & P 425 Index	One Year	S & P 425 Index
3/19/68	Brunswick Corp./ Sherwood Medical Ind. Inc.	100	85	$29.00	34.5x	96.73	37.25	109.38	34.125	109.80	39.00	108.16
9/26/68	Studebaker Corp. (1)/ STP Corp.	99	88	25.00	23.1	111.66	36.75	114.47	29.25	109.55	39.375	103.66
7/1/70	Worthington Corp. (1)/ Turbodyne Corp.	100	95.7 (3)	18.00	9.4	80.26	-	-	23.00(8)	100.90	17.125	110.04
0/14/70	Bemis Co. Inc. (2)/ Morgan Adhesives Co.	100	84.7 (4)	17.00	21.5	92.64	26.625(9)	101.32	29.00	114.00	21.125	108.14
3/20/71	Studebaker-Worthington, Inc./ Wagner Electric Co.	100	96 (5)	24.00	13.8	110.34	21.25	109.95	16.75	108.77	14.25	119.26
6/8/71	Walter Kidde & Co., Inc./ LCA Corp.	100	80	35.00	16.4	111.03	52.50	112.00	61.00	107.11	40.00	119.90
9/23/71	Worthington Corp. (1)/ Masonellan Int'l Inc.	100	94 (6)	13.50	15.5	103.74	12.125	111.52	27.875	119.81	22.125	121.32
2/14/71	National General Corp./ Bantam Books	100	90	12.75	15.2	107.92	23.25	119.56	24.375	121.33	20.00	131.92
3/23/72	Studebaker-Worthington, Inc./ Onan Corp.	100	94 (7)	19.00	15.1	119.81	30.75	121.24	35.00	121.32	31.25	122.01
7/26/72	United Brands Co./ Baskin-Robins Ice Cream Co.	100	83	17.50	33.7	120.40	22.25	123.89	22.875	130.53	14.50	121.96
9/6/72	National Distillers & Chem. Corp./ Almaden Vineyards, Inc.	100	84	20.00	37.0	123.63	29.125	131.58	38.50	127.98	32.125	117.98
1/14/72	U.S. Industries, Inc./ Delwood Furniture Co., Inc.	100	92	16.00	14.4	131.92	9.00	129.06	5.625	116.67	3.00	104.42
1/24/73	Int'l T & T Corp./ Canteen Corp.	100	67	22.00	15.1(11)	130.87	20.00	123.12	20.50	116.03	(10)	-

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) A wholly-owned subsidiary of Studebaker-Worthington, Inc. (NYS).
) Bemis owned 80% of the subsidiary and 20% of the subsidiary owned by Burton D. Morgan the Parent's president.
) Parent will own 100% of Class B stock with 95.7% of the vote. All common stock sold.
) Parent will own 68.6% and President will own 17.1% (See footnote (2)).
) Parent will retain 96% of vote through ownership of Class B stock. All common stock sold.
) Parent will retain 94% of vote through ownership of Class B stock. All common stock sold.
) Parent will retain 94% of vote through ownership of Class B stock. All common stock sold.
) Added to OTC List 2/18/71 at 23.00, close.
) Added to OTC List 3/29/71 at 26 5/8, close.
) Acquired by Trans World Airways.
) Earnings per share for 44 weeks ended October 28, 1972.

PREMIUMS PAID BY CERTAIN CONGLOMERATE COMPANIES IN MERGERS OF MAJORITY CONTROLLED SUBSIDIARIES

ANNEX C

Date Merger Effective	Conglomerate Having Control	Company Controlled	% Owned By Conglomerate	Proposal to Acquire Minority	Market Price of Company Prior to Announcement	Premium
11/13/68	City Investing	Rheem Manufacturing	63.0%	Merger: $65/share	$53 1/2 (a)	21.5%
6/26/72	City Investing	Guerdon	55.0%	Merger: $30 p.a. of 8 1/8% Debenture	$23 3/4 (b)	26.3%
10/ 6/66	Gulf & Western	New Jersey Zinc	57.5%	Merger: .425 sh. of $3.50 Cum. Conv. Pref. Stock	$38 (c)	54% (d)
3/16/67	LTV	Wilson	53.0%	Merger: 1 1/2 sh. Wilson Common Stock for 1 sh. of LTV Series "A" Conv. Pref. Stock	$39 1/2 (e)	110% (f)
9/19/72	LTV (Wilson)	Wilson Sinclair	80-90%	Merger: 1 sh. Wilson for 2 sh. Wilson Sinclair;	$ 5 3/4 (g)	8.7%
		Wilson Certified		1 sh. Wilson for 2 3/4 sh. Wilson Certified	$ 4 1/4 (g)	7.0%

Date Merger Effective	Conglomerate Having Control	Company Controlled	Conglomerate	Proposal to Acquire Minority	Market Price of Company Prior to Announcement	Premium
9/ 1/72	Rapid-American	J. J. Newbury	58.0%	Merger: 1 sh. Newbury for 0.7 shs. McCrory or $30 p.a. 7 5/8% S. F. Debs. due 1997	$22 (h)	42% (i)
4/11/73	Rapid-American (McCrory)	Lerner	60.0%	Merger: $50 p.a. of 7 3/4% Debs. due 1995 plus $8 cash	$33 1/4 (j)	21.8% (k)
7/11/67	A. M. K.	N. R. M.	50.6%	Merger: 1/4 sh. AMK Common Stock and $3 Cum. Pref. Stock	$21 (l)	71%
6/30/70	A. M. K.	United Fruit	83%	Merger: 1 sh. of AMK Common for 1 sh. of U. F. Common	$17.50 (m)	21%
June 1969	U. S. Industries	Wyatt Industries	63%	Merger: $54 market value of U. S. I. Common Stock	$51 (n)	5.9%

(a) 8/13/68; three months prior to merger.
(b) Day preceding announcement of merger.
(c) Price in range of $35-38 from 9/1 to 10/5; in $33-$34 range during July and August.
(d) Based on price of preferred stock of 2/28/67 when it began trading on NYSE.
(e) One month preceding announcement.
(f) Based on opening price on NYSE of $125 on 6/14/67.
(g) One month preceding announcement.
(h) One month preceding announcement.
(i) Based on exchange of one share Newbury for 30 p.a. McCrory, 7 5/8% S. F. Debs. due 1997.
(j) One month preceding announcement.
(k) Based on average market price for the debenture in October-November, 1973.
(l) Three months preceding announcement.
(m) One month preceding announcement.
(n) Based on closing price of Wyatt Industries on 6/30/68.

COMPARISON OF CERTAIN COMPANIES SOLICITING MINORITY SHARES

ANNEX D

Date of Prospectus (a)	Company Making Offer (I) Company Whose Shares Are Being Solicited (II)	% of II's Shares Previously Owned by I	No. of II's Shares Sought and %	Description of I's Securities Being Offered	Value of I's Securities Being Offered(b)	Market Value of II's Shares Being Sought (b)	Premium Over Market Value (b)
5/28/71	Cleveland-Cliffs Iron Co. - I Cliffs St. Clair Corp. - II	82.3	624,514 17.7%	0.34 Share of Common 0.2 Warrants	$35.47	$19 (c)	86%
4/6/71	Gamble-Skogmo, Inc. - I Red Owl Stores, Inc. - II	81	318,000 19%	.875 Shares of Common Stock	38 7/8 40	34 3/4 34 3/4	11.9 15.1
4/5/71	Beecham - Massengill Corp. - I Beecham Inc. - II	89	408,621 11%	$35 per Share - Cash	35	29 (c)	21
3/1/71	Crane Co. - I Huttig Sash & Door Company - II	55	58,000 25%	$53 per Share - Cash	53	36 (c)	47
2/17/71	Madison Square Garden Corp. - I Roosevelt Raceway, Inc. - II	63.9	210,198 16.1%	12.5 Shares of Common Stock	42 1/4	32	32
2/1/71	Arlen Realty & Development Corp. - I Arlen Shopping Centers, Inc. - II	77	1,185,000 23%	1.25 Shares of Common Stock	7 3/8	5 3/4 (c)	28
8/21/69	Household Finance Corp. - I National Car Rental System, Inc. - II	56	5,242,680 44%	$15 per Share - Cash	15	10 1/2	42.9

(a) Or date of "Invitation to Tender" if cash transaction.
(b) One month prior to initial public announcement.
(c) High bid price in the OTC market.

CERTAIN DATA FOR INDUSTRIAL COMMON STOCK OFFERINGS OF $20 MILLION AND OVER

ANNEX E

DATE	COMPANY	TYPE	EXCH	SHARES	TOTAL VALUE 000S	PRICE	GROSS	% OF PRICE	MGMT FEE	UNDER WRTNG	SELL CON	REAL	RS NYSE
020669	GIFFEN INDS INC	NS	OTC	425,000	23,375	55.000	3.500	6.36	.700	1.050	1.750	1/4	3.18
020669	INFORMATICS INC	NS	OTC	825,000	21,037	25.500	1.400	5.49	.280	.370	.750	1/4	2.36
020669	INTERSTATE UTD	NS	ASE	710,822	20,436	28.750	1.450	5.04	.280	.320	.850	1/2	2.55
021369	WESTCOAST PROD	NI	OTC	2,400,000	24,000	10.000	.750	7.50	.125	.250	.375	1/4	2.21
022069	HOME OIL CO	N	ASE	900,000	38,700	43.000	2.550	5.93	.500	.750	1.300	1/4	3.21
022469	BRANIFF AIRWAYS	S	NYSE	2,000,000	36,000	18.000	1.050	5.83	.200	.300	.550	1/4	2.20
022669	ALCO STANDARD	NS	OTC	932,576	27,510	29.500	1.450	4.91	.290	.360	.800	1/4	2.37
030569	INTEG CONTAINER	NS	OTC	550,102	26,404	48.000	2.900	6.04	.580	.870	1.450	1/4	3.37
032069	FEDDERS CORP	NS	NYSE	510,000	23,460	46.000	2.500	5.43	.500	.750	1.250	1/4	2.98
042269	KNIGHT NEWS	SI	OTC	950,000	28,500	30.000	1.550	5.17	.300	.450	.800	1/4	2.35
050169	LEVITZ FURNTURE	NS	ASE	600,000	20,400	34.000	2.050	6.02	.400	.450	1.200	3/8	3.33
050669	WESTERN UNION	N	NYSE	1,300,000	65,000	50.000	2.250	4.50	.380	.570	1.300	1/4	2.95
050669	OLIN MATHIESON	S	NYSE	735,118	22,053	30.000	1.350	4.50	.270	.330	.750	1/4	2.21
050869	NEWHALL LAND	NSI	OTC	768,212	23,814	31.000	1.550	5.00	.300	.400	.850	1/4	2.46
050869	NATIONAL MEDICA	NI	OTC	844,000	25,320	30.000	2.660	8.87	.480	.980	1.200	1/2	3.53
052269	TEMPLE INDUST	NSI	OTC	800,000	20,000	25.000	1.375	5.50	.275	.350	.750	1/4	2.38
060469	J WALT THOMPSON	NSI	OTC	790,000	30,020	38.000	2.050	5.39	.410	.640	1.000	1/4	2.63
060569	AQUITAINE CO	S	OTC	2,200,000	52,030	23.650	1.350	5.71	.270	.430	.650	1/4	2.12
061769	TRANSAMERICA CP	S	NYSE	2,212,278	71,069	32.125	1.280	3.98	.210	.270	.800	1/4	2.28
082669	SHAPELL INDUS	NSI	OTC	1,050,000	22,050	21.000	1.300	6.19	.260	.290	.750	1/4	2.68
090369	SAXON INDUS	NS	ASE	433,800	27,112	62.500	3.400	5.44	.700	1.050	1.650	1/2	3.65

DATE	COMPANY	TYPE	EXCH	SHARES	TOTAL VALUE 000S	PRICE	GROSS	% OF PRICE	MGMT FEE	UNDER WRTNG	SELL CON	REAL	AS NYSE
090969	ELBA SYSTEMS	NS	OTC	326,537	21,551	66.000	2.900	4.39	.580	.820	1.500	1/2	3.29
092469	SEQUOYAH INDUS	NS	OTC	1,700,000	25,075	14.750	1.000	6.78	.150	.300	.550	3/8	2.53
100169	MONROE AUTO EQP	S	NYSE	1,095,976	38,359	35.000	1.750	5.00	.350	.450	.950	1/4	2.60
100269	LOMAS & NETTLTN	NI	OTC	900,000	22,500	25.000	2.000	8.00	.400	.500	1.100	3/8	3.49
103069	FIDELITY MORT	NI	OTC	1,750,000	35,000	20.000	1.600	8.00	.300	.300	1.000	1/4	3.70
110569	DESOTO INC	S	NYSE	700,000	21,525	30.750	1.500	4.88	.300	.400	.800	1/4	2.33
110669	HANDLEMAN CO	NS	NYSE	850,000	33,150	39.000	1.950	5.00	.390	.560	1.000	1/2	2.60
110569	AMER HOSP SPLY	NS	NYSE	1,700,000	68,637	40.375	1.600	3.96	.320	.380	.900	1/4	2.30
111269	AVON PRODUCTS	S	NYSE	150,000	25,200	168.000	5.000	2.98	1.000	1.250	2.250	1/2	4.03
111369	B F GOODRICH	S	NYSE	700,000	24,237	34.625	1.450	4.19	.260	.390	.800	1/4	2.20
111369	FST CHARTER FIN	S	NYSE	1,000,000	43,500	43.500	1.740	4.00	.350	.390	1.000	1/4	2.45
120269	UNITED UTIL	N	NYSE	1,000,000	22,000	22.000	1.000	4.55	.200	.200	.600	.30	2.07
120369	COMPUT SOFTWARE	NS	ASE	406,900	25,634	63.000	2.800	4.44	.560	.740	1.500	1/4	3.31
120369	VIEWLEX INC	NS	ASE	926,000	21,298	23.000	1.350	5.87	.270	.280	.800	1/4	2.67
120469	MERIDIAN INV	NI	OTC	2,000,000	40,000	20.000	1.550	7.75	.310	.340	.900	1/4	3.33
120469	TECHNICON CORP	NSI	OTC	1,000,000	42,000	42.000	2.250	5.36	.450	.700	1.100	3/8	2.75
121169	AUTO DATA PROC	NS	NYSE	654,807	22,427	34.250	1.750	5.11	.350	.500	.900	1/4	2.49

DATE	COMPANY	TYPE	EXCH	SHARES	TOTAL VALUE 000S	PRICE	GROSS	% OF PRICE	MGNT FEE	UNDER WRTNG	SELL CON	REAL	XS NYSE
121969	FRIENDLY ICE CP	NS	OTC	650,000	20,150	31.000	1.500	4.84	.300	.350	.850	1/4	2.46
122269	H J HEINZ CO	NS	NYSE	1,675,000	52,343	31.250	1.750	5.60	.250	.300	1.200	.35	3.47

PIPER AIRCRAFT CORPORATION INCOME STATEMENTS 1965-1969 (1)

ANNEX F

	(000's)				
	1965	1966	1967	1968	1969
Sales	$69,086	$81,313	$80,439	$96,724	$106,569
Cost of Sales	51,568	61,266	66,359	79,045	86,609
Gross Profit from Sales	17,518	20,046	14,080	17,679	19,960
Selling and Shipping Expenses	3,648	4,628	5,567	6,494	6,582
Administrative and General Expenses	1,757	2,167	2,428	2,657	2,743
Total	5,405	6,795	7,995	9,151	9,325
Operating Profit	12,113	13,251	6,086	8,528	10,635
Interest and Other Income	274	441	369	323	332
Interest Expense	-	(98)	(633)	(612)	(749)
Income before Taxes	12,388	13,594	5,821	8,238	10,218
Provision for Income Taxes	6,190	6,723	2,830	4,375	5,417
Net Income	$ 6,198	$ 6,871	$ 2,991	$ 3,863	$ 4,801
Net Income per share	$3.82	$4.23	$1.83	$2.36	$2.92
	%	%	%	%	%
Sales	100.0%	100.0%	100.0%	100.0%	100.0%
Cost of Sales	74.6	75.3	82.5	81.7	81.3
Gross Profit from Sales	25.4	24.7	17.5	18.3	18.7
Selling and Shipping Expenses	5.3	5.7	6.9	6.7	6.2
Administrative and General Expenses	2.5	2.7	3.0	2.7	2.5
Total	7.8	8.4	9.9	9.4	8.7
Operating Profit	17.6	16.3	7.6	8.9	10.0
Interest and Other Income	0.4	0.4	0.4	0.3	0.3
Interest Expense	-	-	(0.8)	(0.7)	(0.7)
Income before Taxes	18.0	16.7	7.2	8.5	9.6
Provision for Income Taxes	9.0	8.2	3.5	4.5	5.1
Net Income	9.0%	8.5%	3.7%	4.0%	4.5%

(1) Fiscal year ends September 30th.

Source: Bangor Punta Corporation prospectus dated July 18, 1969;
Piper Aircraft Corporation, 1969 Annual Report.

CESSNA AIRCRAFT COMPANY INCOME STATEMENT 1965-1969 (1)

ANNEX G

	(000's)				
	1965	1966	1967	1968	1969(2)
Sales	$148,419	$202,136	$213,615	$264,326	$282,981
Other Income	471	648	1,152	863	1,626
Net earnings of wholly-owned subsidiary	180	201	206	89	70
Total	149,069	202,985	214,973	265,278	284,678
Costs and Expenses:					
Manufacturing and Engineering	110,529	154,510	168,099	207,055	215,694
Depreciation	2,457	2,514	3,635	3,977	3,459
Sales and Administration	11,162	14,392	15,675	19,711	24,438
Taxes, other than Federal Income Tax	2,865	4,155	4,803	5,395	6,284
Interest	593	1,206	2,576	2,812	3,129
Total	127,606	176,777	194,788	238,950	253,005
Earnings before provision for Federal Income Tax	21,462	26,207	20,186	26,328	31,673
Provision for Federal Income Tax	10,437	12,334	9,419	13,515	16,450
Net Earnings	$ 11,025	$ 13,873	$ 10,767	$ 12,813	$ 15,223
Earnings Per Share (3)	$1.65	$2.07	$1.60	$1.90	$2.25

	%	%	%	%	%
Sales	100.0%	100.0%	100.0%	100.0%	100.0%
Other Income	0.3	0.3	0.5	0.3	0.6
Net earnings of wholly-owned subsidiary	0.1	0.1	0.1	-	-
Total	100.4	100.4	100.6	100.3	100.6
Costs and Expenses:					
Manufacturing and Engineering	74.5	76.4	78.7	78.2	76.1
Depreciation	1.7	1.2	1.7	1.5	1.2
Sales and Administration	7.5	7.1	7.3	7.5	8.6
Taxes, other than Federal Income Tax	1.9	2.1	2.2	2.0	2.2
Interest	0.3	0.6	1.2	1.1	1.1
Total	85.9	87.4	91.1	90.3	89.4
Earnings before provision for Federal Income Tax	14.5	13.0	9.5	10.0	11.2
Provision for Federal Income Tax	7.0	6.1	4.5	5.1	5.8
Net Earnings	7.5%	6.9%	5.0%	4.9%	5.4%

(1) Fiscal year ends September 30th.
(2) 1969 includes consolidation of wholly-owned subsidiary. Prior years not restated.
(3) Adjusted for 2 for 1 stock split on January 29, 1969.

Source: Cessna Aircraft Company Annual Reports.

ANNEX H

PIPER AIRCRAFT COMPANY

Sales and Net Income by Quarters

	1968	1969	1970
First Quarter			
Sales	$24,153	$ 21,437	$22,337
Net Income	1,343	977	1,187
Second Quarter			
Sales	25,603	29,941	16,782
Net Income	1,585	1,751	178
Third Quarter			
Sales	24,537	29,889	14,842
Net Income	636	1,516	(435)
Fourth Quarter			
Sales	22,431	25,303	14,411
Net Income	299	557	(1,706)
Total			
Sales	$96,724	$106,569	$68,372
Net Income	$3,863	$4,801	($776)

ANNEX I

PRICE EARNINGS RELATIONSHIPS

	S&P Industrial P/E Ratio	Piper Aircraft P/E Ratio	Cessna Aircraft P/E Ratio	Piper Ratio & S&P Ratio	Piper Ratio & Cessna Ratio
Quarterly					
1960					
March	16.77	18.40	14.62	1.10	1.26
June	17.96	18.47	13.95	1.03	1.32
Sept.	16.73	18.72	13.39	1.12	1.40
Dec.	18.14	17.55	16.07	0.97	1.09
1961					
March	21.36	24.49	18.75	1.15	1.31
June	21.51	34.09	22.99	1.58	1.48
Sept.	21.88	58.49	22.78	2.67	2.57
Dec.	22.47	62.79	22.67	2.79	2.77
1962					
March	20.66	43.10	19.16	2.09	2.25
June	15.62	16.67	11.73	1.07	1.42
Sept.	15.76	14.55	12.59	0.92	1.16
Dec.	17.10	16.67	14.48	0.97	1.15
1963					
March	17.83	15.26	16.15	0.86	0.94
June	18.05	14.50	15.21	0.80	0.95
Sept.	19.05	12.27	13.79	0.64	0.89
Dec.	18.69	13.23	14.20	0.71	0.93
1964					
March	18.89	15.28	14.98	0.81	1.02
June	18.88	12.64	12.38	0.67	1.02
Sept.	18.76	14.44	12.72	0.77	1.44
Dec.	18.55	12.87	13.06	0.68	0.97
1965					
March	18.31	12.50	12.17	0.68	1.03
June	19.21	11.07	10.66	0.58	1.04
Sept.	18.07	11.78	12.27	0.65	0.96
Dec.	17.87	15.45	13.52	0.86	1.14
1966					
March	16.84	15.81	12.50	0.94	1.26
June	15.67	14.50	11.97	0.93	1.21
Sept.	13.98	9.01	8.29	0.64	1.09
Dec.	14.47	9.41	9.52	0.65	0.99
1967					
March	16.79	12.22	11.52	0.73	1.06
June	17.36	18.28	13.27	1.05	1.38
Sept.	18.69	30.33	15.23	1.62	1.99
Dec.	18.60	26.25	12.72	1.41	2.06
Monthly					
1968					
Jan.	17.36	26.56	12.72	1.47	2.01
Feb.	16.60	25.13	13.80	1.51	1.82
Mar.	16.60	20.06	13.28	1.21	1.51
Apr.	17.85	25.77	15.99	1.44	1.61
May	18.47	27.06	16.84	1.47	1.61
June	18.76	27.75	17.03	1.48	1.63
July	18.33	24.14	14.40	1.32	1.68
Aug.	16.94	23.98	15.55	1.42	1.54
Sept.	17.98	21.77	13.55	1.21	1.61
Oct.	18.15	23.01	14.80	1.27	1.55
Nov.	18.31	22.46	13.91	1.22	1.61
Dec.	18.58	21.98	13.52	1.18	1.63

969	S&P Industrial P/E Ratio	Piper Aircraft P/E Ratio	Cessna Aircraft P/E Ratio	Piper Ratio & S&P Ratio	Piper Ratio & Cessna Ratio
an.	17.84	28.23	13.78	1.58	2.05
eb.	17.77	32.39	14.40	1.82	2.25
lar.	17.19	32.51	15.08	1.89	2.16
pr.	17.23	30.46	14.73	1.77	2.07
lay	17.99	33.78	15.79	1.88	2.14
une	17.51	28.04	12.19	1.60	2.30
ıly	16.90	23.91	11.98	1.41	1.99
ıg.	16.84	27.27	12.21	1.61	2.23
ept.	16.81	20.00	11.58	1.19	1.73

ANNEX J

COMPARISON OF CERTAIN STATISTICAL DATA RE LIGHT AIRCRAFT MANUFACTURERS AND S&P INDUSTRIALS

	Piper Aircraft Corp. 9/30/68		Cessna Aircraft Corp. 9/30/68		Beech Aircraft Corp. 9/30/68		S & P 425 Industrials
Capitalization (000's & %)							
Long-Term Debt	$10,000	22.2%	$ 55,1[illegible]		$30,866	35.1%	
Common Equity	35,070	77.8	79,35[illegible]		56,961	64.9	
Total Capitalization	$45,070	100.0%	$134,515	1[illegible]	$87,827	100.0%	
Common Shares Outstanding	1,639,600		6,745,502		4,536,870		
Net Sales/Net Earnings (000's)	Year Ended 9/30		Year Ended 9/30		Year Ended 9/30		
1964	$54,378	$4,481	$122,942	$ 7,542	$107,199	$3,417	
1965	69,086	6,198	148,419	11,025	122,483	5,506	
1966	81,313	6,870	202,136	13,873	164,630	8,770	
1967	80,439	2,9[illegible]	213,615	10,767	174,106	9,036	
1968	96,724	3,8[illegible]	264,326	12,[illegible]3	184,360	7,795	
Net Income Per Share							Earnings Per Share
1964	$2.77		$1.14		$0.78		$4.83
1965	3.82		1.65		1.25		5.51
1966	4.23		2.07		1.99		5.89
1967	1.83		1.60		2.04		5.66
1968	2.36		1.90		1.72		6.15
Latest 12 Months	2.86		2.18		1.62		6.25
Market Range - 1968 to 9/5/69	$81 - $48		$33 - $23 1/4		$31 1/4 - $18 5/8		$116.0 - $96.77
Market Price - 9/5/69	$44 - $46 (1)		$27 3/8		$20¼		$102.88
Interim Earnings 1969 vs 1968	9 Mos. Ended June		9 Mos. Ended June		9 Mos. Ended June		
	$2.67 vs $2.17		$1.82 vs $1.54		$1.17 vs $1.27		
Price Earnings Ratio							
1968	18.6x - 19.5x		14.4x		11.8x		16.7x
Latest 12 Months	15.4 - 16.1		12.6		12.5		16.5
Book Value Per Share/ Market as % of Book	$21.39/206% - 215%		$11.76 / 233%		$12.56/161%		$50.21 / 205%
Dividend/Yield	$1.05/2.4% - 2.3%		$0.775/2.8%		$0.75/3.7%		$3.11 / 3.0%

(1) Price range as determined herein.

ANNEX K

BIOGRAPHICAL INFORMATION REGARDING DONALD R. GANT

Personal

Business Address: 55 Broad Street
New York, N. Y. 10004

Telephone: 212-676-8290

Born: October 5, 1928
Long Branch, N.J.

Married: four children

Home Address: Youngs Road
New Vernon, N. J.

Telephone: 201-267-3348

Education

University of Pennsylvania
Bachelor of Science in Economics, 1952
Harvard University, Graduate School of Business Administration
Master of Business Administration, With Distinction, 1954
George F. Baker Scholar

Business

Goldman, Sachs & Co., New York, N. Y.
June 1954 to December 1964 - Associate, Corporate Finance Department
January 1965 to present - General Partner
Activities have included dealing with a broad variety of financial matters for the firm's corporate clients, including:

- Public underwritings
- Private placements
- Mergers and acquisitions
- Valuations
- Special studies

During the past five years have had senior underwriting responsibility for issues aggregating in excess of $3 billion.

Summer employment as an industrial engineer with Philco Corporation and The Procter & Gamble Company.

Directorships

Amcord, Inc.
J. B. Ivey & Company
Liquid Air Corporation of North America
The Sperry & Hutchinson Company
United Brands Company

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DEFENDANTS' EXHIBIT BO-1

MEMORANDUM

May 29, 1974

Re: Changes in Piper Aircraft Corporation By-Laws

The purpose of this memorandum is to outline the changes in the Piper Aircraft Corporation By-Laws from August, 1969 to the present:

1. By-Laws amended August 12, 1969 - Article IV, Section 3 of the By-Laws amended to allow meetings of the Board of Directors to be held at any location.

2. By-Laws amended November 6, 1969 - Article III, Section 1 of the By-Laws amended to allow shareholder meetings to be held at any location and at such time as the Board of Directors may determine. Article V, Sections 1, 2, 3, 5, 6, 8 and 11 amended to provide for one or more Senior Vice Presidents and a Controller as well as allowing the designation of assistant officers by the President. Article VI, Section 1 and Article VII, Section 1 amended to include references to Senior Vice President.

3. By-Laws amended on September 8, 1970 - Article IV, Section 1 amended to increase the number of Directors on the Board to nine.* Article V, Section 1 amended to include the Chairman of The Executive Committee as an officer of the Corporation and Article V, Section 7 amended to outline the duties of the Chairman of the Executive Committee.

4. By-Laws amended October 15, 1970 - Article IV, Section 1 amended to increase the number of Directors on the Board to ten.

5. By-Laws amended June 18, 1973 - Article IV amended by the addition of a new section 12 providing for an Audit Committee of the Corporation.

*This increase in the number of Directors on the Board was authorized but does not appear printed in any set of By-Laws. The October, 1970 By-Laws incorporated the increase of the size of the Board to ten members (as authorized on October 15, 1970) as well as the remaining changes authorized on September 8, 1970.

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OF

PIPER AIRCRAFT CORPORATION

(a Pennsylvania corporation)

(August 1972)

majority of the directors present at the time and place of any meeting, although less than a quorum. It shall not be necessary to give any notice of the adjourned meeting, or of the business to be transacted thereat, other than by announcement at the meeting at which such adjournment is taken.

8. *Quorum.* At all meetings of the Board of Directors a majority of the directors in office shall be necessary to constitute a quorum for the transaction of business, and the acts of a majority of the directors present at a meeting at which a quorum is present shall be the acts of the Board of Directors, except as may be otherwise specifically provided by statute or by the Articles of Incorporation or by these By-Laws.

9. *Executive Committee.* The Board of Directors may, by resolution adopted by a majority of the whole Board, delegate two or more of its number to constitute an Executive Committee, which, to the extent provided in such resolution, shall have and exercise the authority of the Board of Directors in the management of the business of the Corporation. Vacancies in the membership of the Executive Committee may be filled by the Board of Directors at a regular or special meeting of the Board of Directors.

The Executive Committee shall keep regular minutes of its proceedings, and report the same to the Board.

10. *Compensation of Directors.* Directors, as such, shall not receive any stated salary for their services, but by resolution of the Board a fixed sum and expenses of attendance, if any, may be allowed for attendance at each regular or special meeting of the Board, or at meetings of the Executive Committee; provided, that nothing herein contained shall be construed to preclude any director from serving the Corporation in any other capacity and receiving compensation therefor.

11. *Removal of Directors.* The entire Board of Directors or any individual director may be removed from office, without assigning any cause, by a majority vote of the holders of the outstanding shares entitled to vote at an election of directors. In case the Board or any one or more directors be so removed, new directors may be elected at the same meeting. Unless the entire Board be removed, no individual director shall be removed in case the votes of a sufficient number of shares are cast against the resolution for his removal, which, if cumulatively voted at an election of the full Board, would be sufficient to elect one or more directors.

12. *Audit Committee.* The Board of Directors may appoint two or more persons to constitute an Audit Committee. The Audit Committee shall review on behalf of the Board the scope of the audit conducted by the Corporation's independent public accountants, their qualifications to conduct such audit, the adequacy of the audit reports, the findings and

recommendations by such auditors concerning the Corporation's internal controls, the financial statements, reports and projections prepared by the Corporation's internal staff, the Corporation's internal system of bookkeeping, reporting, financial planning, budgeting and controls, and any other matters bearing on the Corporation's financial statements. The Committee shall report its findings and recommendations to the Board.

Vacancies in the Audit Committee shall be filled by the Board of Directors at a regular or special meeting.

The Board shall fix the rate of compensation to be paid to the members of the Audit Committee for their services on such Committee.

ARTICLE V

Officers

1. *Number.* The officers of the Corporation shall be a Chairman of the Board of Directors, a Chairman of the Executive Committee, a President, one or more Senior Vice Presidents, two or more Vice Presidents of whom one shall be designated the Executive Vice President, a Secretary, a Treasurer, a Controller, and such other officers as may be appointed in accordance with the provisions of Section 3 of this Article V. The Chairman of the Board of Directors and the Chairman of the Executive Committee shall be chosen from among the Directors. Any two of the aforesaid offices, except those of President and Secretary, may be held by the same person.

2. *Election, Salaries, Term of Office and Qualifications.* Each officer of the Corporation (except such officers as may be appointed in accordance with Section 3 of this Article V) shall be chosen by the Board of Directors, shall receive such salary as shall be fixed from time to time by the Board of Directors and shall hold his office until his successor shall have been duly chosen and qualified. Except as provided in Section 1 of this Article V it shall not be necessary for any officer to be a director or a shareholder.

3. *Subordinate Officers.* The President from time to time may appoint such other officers or agents, as he may deem necessary or advisable, each of whom shall hold office for such period, receive such salary, have such authority and perform such duties as are provided in these By-Laws or as the President or Board of Directors shall from time to time determine.

4. *Removal.* Any officer or agent elected or appointed by the Board of Directors or the President may be removed, with or without cause, by the Board of Directors or the President, as the case may be, whenever in its, or his, judgment the best interests of the Corporation will be served thereby, but such removal shall be without prejudice to the contract rights, if any, of the person so removed.

ARTICLE IV - PAR-1 - SIZE OF BOARD -10

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ARTICLE V PARA-1 - CHAIRMAN OF EX. COM AN OFFICER

ARTICLE V - PARA-7 - ADD ~~CHAIRMAN OF EX COM~~. OF EX COM.

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(a Pennsylvania corporation)

(October 1970)

one or more directors be so removed, new directors may be elected at the same meeting. Unless the entire Board be removed, no individual director shall be removed in case the votes of a sufficient number of shares are cast against the resolution for his removal, which, if cumulatively voted at an election of the full Board, would be sufficient to elect one or more directors.

ARTICLE V

Officers

1. *Number.* The officers of the Corporation shall be a Chairman of the Board of Directors, a Chairman of the Executive Committee, a President, one or more Senior Vice Presidents, two or more Vice Presidents of whom one shall be designated the Executive Vice President, a Secretary, a Treasurer, a Controller, and such other officers as may be appointed in accordance with the provisions of Section 3 of this Article V. The Chairman of the Board of Directors and the Chairman of the Executive Committee shall be chosen from among the Directors. Any two of the aforesaid offices, except those of President and Secretary, may be held by the same person.

2. *Election, Salaries, Term of Office and Qualifications.* Each officer of the Corporation (except such officers as may be appointed in accordance with Section 3. of this Article V.) shall be chosen by the Board of Directors, shall receive such salary as shall be fixed from time to time by the Board of Directors and shall hold his office until his successor shall have been duly chosen and qualified. Except as provided in Section 1. of this Article V. it shall not be necessary for any officer to be a director or a shareholder.

3. *Subordinate Officers.* The President from time to time may appoint such other officers or agents, as he may deem necessary or advisable, each of whom shall hold office for such period, receive such salary, have such authority and perform such duties as are provided in these By-Laws or as the President or Board of Directors shall from time to time determine.

4. *Removal.* Any officer or agent elected or appointed by the Board of Directors or the President may be removed, with or without cause, by the Board of Directors or the President, as the case may be, whenever in its, or his, judgment the best interests of the Corporation will be served thereby, but such removal shall be without prejudice to the contract rights, if any, of the person so removed.

5. *Resignations.* Any officer may resign at any time by giving written notice of such resignation to the Board of Directors or the President, a Senior Vice President, a Vice President, the Secretary or an Assistant Secretary; unless otherwise specified therein such resignation shall take effect upon receipt thereof by the Board of Directors or by any such officer.

6. *Vacancies.* A vacancy in any office because of death, resignation, removal, disqualification or any other cause shall be filled in the manner provided in this Article V. for the regular election or appointment to such office.

7. *The Chairman of the Board of Directors and President.* The Chairman of the Board of Directors shall preside at all meetings of the Board of Directors and shall perform such other duties as are assigned to him by these By-Laws or as from time to time may be assigned to him by the Board of Directors. The President shall be the chief executive officer of the Corporation; he shall preside at all meetings of the shareholders and, in the absence of the Chairman of the Board of Directors and the Chairman of the Executive Committee, at all meetings of the directors; he shall have full authority, subject to the directions of the Board of Directors, to manage, supervise and direct the business, affairs and property of the Corporation; and he shall see that all orders and resolutions of the Board of Directors and the Executive Committee are carried into effect. The President may sign certificates representing stock of the Corporation, the issuance of which shall have been authorized by the Board of Directors, and he shall perform such other duties as are assigned to him by these By-Laws or as from time to time may be assigned to him by the Board of Directors.

The Chairman of the Executive Committee. The Chairman of the Executive Committee shall preside at all meetings of the Executive Committee and shall perform such duties as may from time to time be assigned by the Board of Directors, the Executive Committee, or the Chairman of the Board. In the absence of the Chairman of the Board, he shall preside at all meetings of the directors.

8. *The Executive Vice President, the Senior Vice Presidents, and the Vice Presidents.* The Executive Vice President in the absence of the President or during any vacancy in the office of President shall have the powers and perform the duties of President. Each Senior Vice President or Vice President shall have such powers and perform such duties as are assigned to him by these By-Laws or as from time to time may be assigned to.

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By-Laws

OF

PIPER AIRCRAFT CORPORATION

(a Pennsylvania corporation)

(November 1969)

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ARTICLE III

Shareholders' Meetings

1. *Place of Meetings.* All meetings of the shareholders shall be held at the principal office of the Corporation in the Commonwealth of Pennsylvania or at such other place within or without the Commonwealth of Pennsylvania as may be fixed by the Board of Directors and as may be designated in the notice of such meeting provided for in Section 4. of Article III of these By-Laws.

2. *Annual Meetings.* The Annual Meeting of the Shareholders for the election of Directors and for the transaction of such other business as may properly come before the meeting shall be held in each calendar year at such time as may be fixed by the Board of Directors, provided, however, that the time of such Annual Meeting shall be at least 60 days from the date on which the Board of Directors takes action to fix such time.

3. *Special Meetings.* Special meetings of the shareholders may be called at any time by the President, or a majority of the Board of Directors, or the holders of not less than one-fifth of all the shares outstanding and entitled to vote at the particular meeting. Upon written request of any person so entitled to call a special meeting, stating the purpose or purposes of the proposed meeting, it shall be the duty of the Secretary to call a special meeting of the shareholders, to be held at such time as the Secretary may fix, not less than ten nor more than sixty days after the receipt of the request. If the Secretary shall neglect or refuse to issue such call, the person or persons making the request may issue the call for such meeting.

4. *Notices of Meetings.* Written notice of each meeting of shareholders (whether annual or special), stating the place, day and hour of such meeting and, in the case of a special meeting, the general nature of the business to be transacted thereat, shall be given by, or at the direction of, the Secretary or other person entitled to call such meeting, by sending a copy of such notice through the mail or by telegram, charges prepaid, to each shareholder of record entitled to vote at such meeting at his address appearing on the books of the Corporation (or supplied by him to the Corporation for the purpose of notice), at least ten days prior to the day of such meeting, unless a greater period of notice is required by statute in a particular case. When a meeting is adjourned, it shall not be necessary to give any notice of the ad -

the Corporation in any other capacity and receiving compensation therefor.

11. *Removal of Directors.* The entire Board of Directors or any individual director may be removed from office, without assigning any cause, by a majority vote of the holders of the outstanding shares entitled to vote at an election of directors. In case the Board or any one or more directors be so removed, new directors may be elected at the same meeting. Unless the entire Board be removed, no individual director shall be removed in case the votes of a sufficient number of shares are cast against the resolution for his removal, which, if cumulatively voted at an election of the full Board, would be sufficient to elect one or more directors.

ARTICLE V

Officers

1. *Number.* The officers of the Corporation shall be a Chairman of the Board of Directors, a President, one or more Senior Vice Presidents, two or more Vice Presidents of whom one shall be designated the Executive Vice President, a Secretary, a Treasurer and a Controller and such other officers as may be appointed in accordance with the provisions of Section 3. of this Article V. The Chairman of the Board of Directors shall be chosen from among the Directors. Any two of the aforesaid offices, except those of President and Secretary, may be held by the same person.

2. *Election, Salaries, Term of Office and Qualifications.* Each officer of the Corporation (except such officers as may be appointed in accordance with Section 3. of this Article V.) shall be chosen by the Board of Directors, shall receive such salary as shall be fixed from time to time by the Board of Directors and shall hold his office until his successor shall have been duly chosen and qualified. Except as provided in Section 1. of this Article V. it shall not be necessary for any officer to be a director or a shareholder.

3. *Subordinate Officers.* The President from time to time may appoint such other officers or agents, as he may deem necessary or advisable, each of whom shall hold office for such period, receive such salary, have such authority and perform such duties as are provided in these By-Laws or as the President or Board of Directors shall from time to time determine.

4. *Removal.* Any officer or agent elected or appointed by the Board of Directors or the President may be removed, with or without cause, by the Board of Directors or the President, as the case may be, whenever in its, or his, judgment the best interests of the Corporation will be served thereby, but such removal shall be without prejudice to the contract rights, if any, of the person so removed.

5. *Resignations.* Any officer may resign at any time by giving written notice of such resignation to the Board of Directors or the President, a Senior Vice President, a Vice President, the Secretary or an Assistant Secretary; unless otherwise specified therein such resignation shall take effect upon receipt thereof by the Board of Directors or by any such officer.

6. *Vacancies.* A vacancy in any office because of death, resignation, removal, disqualification or any other cause shall be filled in the manner provided in this Article V. for the regular election or appointment to such office.

7. *The Chairman of the Board of Directors and President.* The Chairman of the Board of Directors shall preside at all meetings of the Board of Directors and shall perform such other duties as are assigned to him by these By-Laws or as from time to time may be assigned to him by the Board of Directors. The President shall be the chief executive officer of the Corporation; he shall preside at all meetings of the shareholders and of the Executive Committee and, in the absence of the Chairman of the Board of Directors, at all meetings of the directors; he shall have full authority, subject to the directions of the Board of Directors, to manage, supervise and direct the business, affairs and property of the Corporation; and he shall see that all orders and resolutions of the Board of Directors and the Executive Committee are carried into effect. The President may sign certificates representing stock of the Corporation, the issuance of which shall have been authorized by the Board of Directors, and he shall perform such other duties as are assigned to him by these By-Laws or as from time to time may be assigned to him by the Board of Directors.

8. *The Executive Vice President, the Senior Vice Presidents, and the Vice Presidents.* The Executive Vice President in the absence of the President or during any vacancy in the office of President shall have the powers and perform the duties of President. Each Senior Vice President or Vice President shall have such powers and perform such duties as are assigned to him by these By-Laws or as from time to time may be assigned to

him by the Board of Directors or the Executive Committee or the President. Any Senior Vice President, or Vice President may sign certificates representing stock of the Corporation, the issuance of which shall have been authorized by the Board of Directors.

9. *The Secretary.* The Secretary shall

(a) record all the proceedings of the meetings of the shareholders, Board of Directors and Executive Committee in a book to be kept for that purpose;

(b) cause all notices to be duly given in accordance with the provisions of these By-Laws and as required by statute;

(c) be custodian of the records and of the seal of the Corporation, and cause such seal to be affixed to all instruments the execution of which on behalf of the Corporation under its seal shall have been duly authorized;

(d) see that the books, reports, statements, certificates and other documents and records required by statute are properly kept and filed;

(e) cause the stock and transfer books to be kept in such manner as to show at any time the amount of stock of the Corporation of each class issued and outstanding, the names alphabetically arranged and the addresses of the holders of record thereof, the number and classes of shares held by each, the number and date of certificates issued for the shares, and the number and date of cancellation of every certificate surrendered for cancellation; and exhibit at all reasonable times to any director, upon application, the original or duplicate stock register;

(f) perform the duties required of him under Section 8 of Article III of these By-Laws;

(g) sign (unless the Treasurer, an Assistant Treasurer or Assistant Secretary shall sign) certificates representing stock of the Corporation the issuance of which shall have been authorized by the Board of Directors; and

(h) in general, perform all duties incident to the office of Secretary and such other duties as are assigned to him by these By-Laws or as from time to time may be assigned to him by the Board of Directors or the President.

10. *The Treasurer.* The Treasurer shall

(a) have charge of and supervision over, and be responsible for, the funds, securities, receipts and disbursements of the Corporation;

(b) cause the moneys and other valuable effects of the Corporation to be deposited in the name and to the credit of the Corporation in such banks or trust companies or with such bankers or other depositaries as shall be selected in accordance with Section 2. of Article VI of these By-Laws;

(c) cause the funds of the Corporation to be disbursed by checks or drafts upon the authorized depositaries of the Corporation, and cause to be taken and preserved proper vouchers for all moneys disbursed;

(d) render to the President, or any Senior Vice President or the Board of Directors, whenever requested, a statement of the financial condition of the Corporation and of all his transactions as Treasurer, and render a full financial report at the annual meeting of the stockholders, if called upon to do so;

(e) sign (unless the Secretary, an Assistant Secretary or an Assistant Treasurer shall sign) certificates representing stock of the Corporation the issuance of which shall have been authorized by the Board of Directors; and

(f) in general, perform all duties incident to the office of Treasurer and such other duties as are assigned him by these By-Laws or as from time to time may be assigned to him by the Board of Directors or, the President, or any Senior Vice President.

11. *The Controller.* The Controller shall

(a) cause to be kept at the principal place of business of the Corporation correct books of account of all its business and

transactions and exhibit such books to any director upon application at such office during business hours;

(b) in general, perform all duties incident to the office of Controller and such other duties as are assigned him by these By-Laws or as from time to time may be assigned to him by the Board of Directors or, the President, or any Senior Vice President.

ARTICLE VI

Execution of Instruments and Deposit of Corporate Funds

1. *Contracts, etc. How Executed.* All contracts of, and other instruments requiring execution by, the Corporation, shall be signed by either the President, or a Senior Vice President or a Vice President, and by the Secretary or Assistant Secretary or the Treasurer or an Assistant Treasurer of the Corporation, or by any person or persons thereunto authorized by the Board of Directors.

2. *Deposits.* All funds of the Corporation not otherwise employed shall be deposited from time to time to its credit in such banks or trust companies or with such bankers or other depositaries as the Board of Directors may select, or as may be selected by any officer or officers, or agent or agents authorized so to do by the Board of Directors.

3. *Checks, Drafts, etc.* All checks, drafts or other orders for the payment of money, notes or other evidence of indebtedness issued in the name of the Corporation, shall be signed by such officer or officers, or agent or agents, as from time to time shall be determined by the Board of Directors.

4. *Proxies.* Proxies to vote with respect to shares of stock of other corporations owned by or standing in the name of the Corporation may be executed and delivered from time to time on behalf of the Corporation by the President, unless some other person by resolution of the Board of Directors shall be appointed to vote such shares.

ARTICLE VII

Shares of Stock

1. *Certificates of Shares.* Certificates representing shares of stock of the Corporation shall be in such form as shall be approved by the Board of Directors, consistent with statute. Every share certificate shall be signed by the President, or a Senior Vice President or a Vice President and by the Secretary or an Assistant Secretary or the Treasurer or an Assistant Treasurer, and sealed with the corporate seal, which may be a facsimile, engraved or printed, but where such certificate is signed by a transfer agent or by a transfer clerk of the Corporation and a registrar, the signature of any corporate officer upon such certificate may be a facsimile, engraved or printed. In case any officer who has signed, or whose facsimile signature has been placed upon any share certificate shall have ceased to be such officer because of death, resignation or otherwise, before the certificate is issued, it may be issued by the Corporation with the same effect as if the officer had not ceased to be such at the date of its issue.

2. *Transfer of Shares.* Transfers of shares of the stock of the Corporation shall be made on the books of the Corporation by the holder of record thereof or by his attorney thereunto duly authorized by a power of attorney duly executed in writing and filed with the Secretary of the Corporation or any of its transfer agents, and on surrender of the certificate or certificates representing such shares. The Board of Directors may appoint one or more transfer agents and one or more registrars, in any state of the United States, with respect to the certificates representing shares of any class of stock of the Corporation, and may require all such certificates to bear the signature of either or both. The Corporation and transfer agents and registrars, if any, may treat the holder of record of any share or shares as the absolute owner thereof for all purposes, and, accordingly, shall not be bound to recognize any legal, equitable or other claim to or interest in such share or shares on the part of any other person, whether or not it or

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BY-LAWS

of

PIPER AIRCRAFT CORPORATION

(a Pennsylvania corporation)

(August 1969)

ARTICLE I

Offices

The initial registered office shall be at No. 820 East Bald Eagle Street, in the City of Lock Haven, Commonwealth of Pennsylvania, but such office may be changed pursuant to law by the Board of Directors.

The Corporation may also have offices at such other places, within or without the Commonwealth of Pennsylvania, as the Board of Directors may from time to time appoint or the business of the Corporation may require.

ARTICLE II

Seal

The corporate seal shall be circular in form and shall bear the words and figures

PIPER AIRCRAFT CORPORATION
Corporate Seal
Pennsylvania, 1937

or words and figures of similar import; provided, however, that the form of such seal shall be subject to alteration by the Board of Directors.

ARTICLE III

Shareholders' Meetings

1. *Place of Meetings.* All meetings of the shareholders shall be held at the office of the Corporation in Lock Haven, Pennsylvania.

2. *Annual Meetings.* The annual meeting of the shareholders for the election of directors and for the transaction of such other business as may properly come before the meeting shall be held at 10:00 o'clock in the forenoon, Eastern Standard Time, on the first Tuesday in February in each year if not a legal holiday, or, if a legal holiday, then on the next succeeding day not a legal holiday.

3. *Special Meetings.* Special meetings of the shareholders may be called at any time by the President, or a majority of the Board of Directors, or the holders of not less than one-fifth of all the shares outstanding and entitled to vote at the particular meeting. Upon written request of any person so entitled to call a special meeting, stating the purpose or purposes of the proposed meeting, it shall be the duty of the Secretary to call a special meeting of the shareholders, to be held at such time as the Secretary may fix, not less than ten nor more than sixty days after the receipt of the request. If the Secretary shall neglect or refuse to issue such call, the person or persons making the request may issue the call for such meeting.

4. *Notices of Meetings.* Written notice of each meeting of shareholders (whether annual or special), stating the place, day and hour of such meeting and, in the case of a special meeting, the general nature of the business to be transacted thereat, shall be given by, or at the direction of, the Secretary or other person entitled to call such meeting, by sending a copy of such notice through the mail or by telegram, charges prepaid, to each shareholder of record entitled to vote at such meeting at his address appearing on the books of the Corporation (or supplied by him to the Corporation for the purpose of notice), at least ten days prior to the day of such meeting, unless a greater period of notice is required by statute in a particular case. When a meeting is adjourned, it shall not be necessary to give any notice of the ad-

journed meeting or of the business to be transacted at such adjourned meeting, other than by announcement at the meeting at which such adjournment is taken.

5. *Quorum of Shareholders.* A shareholders' meeting duly called shall not be organized for the transaction of business unless a quorum is present. The presence, in person or by proxy, of the holders of a majority of the outstanding shares entitled to vote at such meeting shall constitute a quorum. The shareholders present at a duly organized meeting can continue to do business until adjournment, notwithstanding the withdrawal of enough shareholders to leave less than a quorum. If, however, any meeting of shareholders cannot be organized because a quorum has not attended, the shareholders entitled to vote thereat present in person or by proxy shall have power to adjourn the meeting to such time and place as they may determine, except that any meeting called for the election of directors may be adjourned only from day to day until such directors have been elected, and the shareholders entitled to vote thereat who attend the second of such adjourned meetings, although less than a quorum, shall nevertheless constitute a quorum for the purpose of electing directors. At any adjourned meeting at which a quorum shall be present, in person or by proxy, any business may be transacted which might have been transacted at the meeting as originally called.

6. *Voting.* At each shareholders' meeting, each shareholder holding of record stock of the Corporation entitled to vote at such meeting shall be entitled to one vote for each share of such stock registered in his name on the books of the Corporation at the time of such meeting, or on such record date as may have been fixed, pursuant to the provisions of Section 3 of Article VII of these By-Laws, for the determination of the shareholders entitled to vote at such meeting; provided that if no record date shall have been so fixed, transferees of shares which are transferred on the books of the Corporation within ten days next preceding the date of such meeting shall not be entitled to vote at such meeting. In all elections for directors, every shareholder entitled to vote shall have the right, in person or by proxy, to multiply the number of votes to which he may be entitled by the number of directors to be elected, and he may cast the whole number of such

votes for one candidate or he may distribute them among any two or more candidates. The candidates receiving the highest number of votes up to the number of directors to be elected shall be elected. Elections for directors need not be by ballot, except upon demand made by a shareholder at the election before the voting begins. All matters submitted to the shareholders shall, except where a greater percentage is expressly required by statute or by the Articles of Incorporation, be decided by the vote of the shareholders holding of record in the aggregate at least a majority of the shares of stock entitled to vote thereon present at the meeting in person or by proxy.

7. *Proxies.* Every shareholder of record entitled to vote may vote either in person or by proxy. Every proxy shall be executed in writing by the shareholder, or by his duly authorized attorney in fact, and filed with the Secretary of the Corporation. No proxy shall be valid after eleven months from the date of its execution unless a longer time is expressly provided therein, but in no event shall a proxy, unless coupled with an interest, be voted on after three years from the date of its execution.

8. *Voting Lists.* The officer or agent having charge of the transfer books for shares of the Corporation shall make, at least ten days before each meeting of shareholders, a complete list of the shareholders entitled to vote at the meeting, arranged in alphabetical order, with the address of and the number of shares entitled to vote held by each, which list shall be kept on file at the registered office of the Corporation, and shall be subject to inspection by any shareholder at any time during usual business hours. Such list shall also be produced and kept open at the time and place of the meeting, and shall be subject to the inspection of any shareholder during the whole time of the meeting.

9. *Judges of Election.* In advance of any meeting of shareholders, the Board of Directors may appoint Judges of Election, who need not be shareholders, to act at such meeting or any adjournment thereof. If Judges of Election be not so appointed, the Chairman of any such meeting may, and on the request of any shareholder or his proxy shall, make such appointment at the meeting. The number of judges shall be one or three. If appointed at a meeting on the request of one or more

shareholders or proxies, the majority of shares present and entitled to vote shall determine whether one or three judges are to be appointed. No person who is a candidate for office shall act as a Judge of Election. In case any person appointed as a judge fails to appear or fails or refuses to act, the vacancy may be filled by appointment made by the Board of Directors in advance of the convening of the meeting, or at the meeting by the person or officer acting as chairman. The Judges of Election shall determine the number of shares outstanding and the voting power of each, the shares represented at the meeting, the existence of a quorum and the authenticity, validity and effect of proxies, receive votes or ballots, hear and determine all challenges and questions in any way arising in connection with the right to vote, count and tabulate all votes, determine the result and do such acts as may be proper to conduct the election or vote with fairness to all shareholders. If there be three Judges of Election, the decision, act or certificate of a majority shall be effective in all respects as the decision, act or certificate of all. On request of the Chairman of the Meeting, or of any shareholder or his proxy, the judges shall make a report in writing of any challenge or question or matter determined by them, and execute a certificate of any fact found by them.

ARTICLE IV

Board of Directors

1. *Number, Term of Office and Qualifications.* The business and the affairs of the Corporation shall be managed by a Board of Directors, none of whom need be a resident of Pennsylvania nor a shareholder in the Corporation. The number of directors that shall constitute the full board of directors (subject to paragraph 6 of Article Sixth of the Articles of Incorporation as amended) shall be eight. Except as hereinafter provided in the case of vacancies, directors shall be elected by the shareholders and (subject also to paragraph 6 of Article Sixth of the Articles of Incorporation as amended) each director shall be elected to serve for the term of one year and until his successor shall be elected and shall qualify.

2. *Vacancies.* Vacancies in the Board of Directors, including vacancies resulting from an increase in the number of directors, shall

be filled by a majority of the remaining members of the Board, though less than a quorum, and each person so elected shall be a director until his successor is elected by the shareholders, who may make such election at the next annual meeting of the shareholders or at any special meeting duly called for that purpose and held prior thereto.

3. *Place of Meeting.* The meetings of the Board of Directors may be held at such place within the Commonwealth of Pennsylvania or elsewhere as may be specified in the notice calling the meeting or, in cases where no notice is required and none is given, as may be determined by a majority of the directors.

4. *First Meeting.* Promptly after each meeting of shareholders a meeting of each newly elected Board shall be held for organization, for the election of officers and for the transaction of such other business as properly may come before the meeting. Such meeting of the newly elected Board may be held immediately after such annual meeting of shareholders, and in such case no notice of such meeting shall be necessary, provided a quorum shall be present; or such meeting may convene at any other time upon notice of the kind hereinafter provided for a special meeting of the Board of Directors.

5. *Regular Meetings.* Regular meetings of the Board may be held at such time as shall from time to time be determined by a majority of the directors. Notice of regular meetings need not be given; provided, however, that in case the Board of Directors shall fix or change the time of regular meetings, notice of such action shall be mailed promptly to each director who shall not have been present at the meeting at which such action was taken, addressed to him at his residence or usual place of business.

6. *Special Meetings.* Special meetings of the Board of Directors shall be held whenever called by the President, or the Secretary or a majority of the directors, at such time as may be specified in the respective notices thereof. Notice of the time and place of each special meeting and of the general nature of the business to be transacted thereat shall either (a) be mailed to each director, addressed to him at his residence or usual place of business, at least two days before the day on which the meeting is to be held or (b) be sent to him at such

place by telegram, radiogram or cablegram, or delivered to him personally, not later than the day before the day on which the meeting is to be held.

7. *Adjourned Meetings.* Both regular and special meetings of the Board of Directors may be adjourned from time to time by a majority of the directors present at the time and place of any meeting, although less than a quorum. It shall not be necessary to give any notice of the adjourned meeting, or of the business to be transacted thereat, other than by announcement at the meeting at which such adjournment is taken.

8. *Quorum.* At all meetings of the Board of Directors a majority of the directors in office shall be necessary to constitute a quorum for the transaction of business, and the acts of a majority of the directors present at a meeting at which a quorum is present shall be the acts of the Board of Directors, except as may be otherwise specifically provided by statute or by the Articles of Incorporation or by these By-Laws.

9. *Executive Committee.* The Board of Directors may, by resolution adopted by a majority of the whole Board, delegate two or more of its number to constitute an Executive Committee, which, to the extent provided in such resolution, shall have and exercise the authority of the Board of Directors in the management of the business of the Corporation. Vacancies in the membership of the Executive Committee may be filled by the Board of Directors at a regular or special meeting of the Board of Directors.

The Executive Committee shall keep regular minutes of its proceedings, and report the same to the Board.

10. *Compensation of Directors.* Directors, as such, shall not receive any stated salary for their services, but by resolution of the Board a fixed sum and expenses of attendance, if any, may be allowed for attendance at each regular or special meeting of the Board, or at meetings of the Executive Committee; provided, that nothing herein contained shall be construed to preclude any director from serving

the Corporation in any other capacity and receiving compensation therefor.

11. *Removal of Directors.* The entire Board of Directors or any individual director may be removed from office, without assigning any cause, by a majority vote of the holders of the outstanding shares entitled to vote at an election of directors. In case the Board or any one or more directors be so removed, new directors may be elected at the same meeting. Unless the entire Board be removed, no individual director shall be removed in case the votes of a sufficient number of shares are cast against the resolution for his removal, which, if cumulatively voted at an election of the full Board, would be sufficient to elect one or more directors.

ARTICLE V

Officers

1. *Number.* The officers of the Corporation shall be a Chairman of the Board of Directors, a President, two or more Vice Presidents of whom one shall be designated the Executive Vice President, a Secretary and a Treasurer, and such other officers as may be appointed in accordance with the provisions of Section 3 of this Article V. The Chairman of the Board of Directors shall be chosen from among the Directors. Any two of the aforesaid offices, except those of President and Executive Vice President or President and Secretary, may be held by the same person.

2. *Election, Term of Office and Qualifications.* Each officer of the Corporation shall be chosen by the Board of Directors and shall hold his office until his successor shall have been duly chosen and qualified. It shall not be necessary for any officer to be a director or a shareholder.

3. *Subordinate Officers.* The Board of Directors from time to time may appoint such other officers or agents, including one or more Assistant Treasurers and one or more Assistant Secretaries as the needs of the Corporation may require, each of whom should hold office

for such period, have such authority and perform such duties as are provided in these By-Laws or as the Board of Directors shall from time to time determine.

4. *Removal.* Any officer or agent elected or appointed by the Board of Directors may be removed, with or without cause, by the Board of Directors whenever in its judgment the best interests of the Corporation will be served thereby, but such removal shall be without prejudice to the contract rights, if any, of the person so removed.

5. *Resignations.* Any officer may resign at any time by giving written notice of such resignation to the Board of Directors or to the President, a Vice President, the Secretary or an Assistant Secretary; unless otherwise specified therein such resignation shall take effect upon receipt thereof by the Board of Directors or by any such officer.

6. *Vacancies.* A vacancy in any office because of death, resignation, removal, disqualification or any other cause shall be filled by the Board of Directors.

7. *The Chairman of the Board of Directors and President.* The Chairman of the Board of Directors shall preside at all meetings of the Board of Directors and shall perform such other duties as are assigned to him by these By-Laws or as from time to time may be assigned to him by the Board of Directors. The President shall be the chief executive officer of the Corporation; he shall preside at all meetings of the shareholders and of the Executive Committee and, in the absence of the Chairman of the Board of Directors, at all meetings of the directors; he shall have full authority, subject to the directions of the Board of Directors, to manage, supervise and direct the business, affairs and property of the Corporation; and he shall see that all orders and resolutions of the Board of Directors and the Executive Committee are carried into effect. The President may sign certificates representing stock of the Corporation, the issuance of which shall have been authorized by the Board of Directors, and he shall perform such other duties as are assigned to him by these By-Laws or as from time to time may be assigned to him by the Board of Directors.

8. *The Vice Presidents.* The Executive Vice President shall in the absence of the President or during any vacancy in the office of President have the powers and perform the duties of President; he shall, subject to the directions and control of the President and the Board of Directors, have direct supervision over the business, affairs, and property of the Corporation, with general supervisory powers over its officers, employees and agents; and shall perform such other duties as are assigned to him by these By-Laws or as from time to time may be assigned to him by the Board of Directors. Each other Vice President shall have such powers and perform such duties as are assigned to him by these By-Laws or as from time to time may be assigned to him by the Board of Directors or the Executive Committee or the President. The Executive Vice President or any other Vice President may sign certificates representing stock of the Corporation, the issuance of which shall have been authorized by the Board of Directors.

9. *The Secretary.* The Secretary shall

(a) record all the proceedings of the meetings of the shareholders, Board of Directors and Executive Committee in a book to be kept for that purpose;

(b) cause all notices to be duly given in accordance with the provisions of these By-Laws and as required by statute;

(c) be custodian of the records and of the seal of the Corporation, and cause such seal to be affixed to all instruments the execution of which on behalf of the Corporation under its seal shall have been duly authorized;

(d) see that the books, reports, statements, certificates and other documents and records required by statute are properly kept and filed;

(e) cause the stock and transfer books to be kept in such manner as to show at any time the amount of stock of the Corporation of each class issued and outstanding, the names alphabetically arranged and the addresses of the holders of record thereof, the number and classes of shares held by each, the number and date of certificates issued for the shares, and the

number and date of cancellation of every certificate surrendered for cancellation; and exhibit at all reasonable times to any director, upon application, the original or duplicate stock register;

(f) perform the duties required of him under Section 8 of Article III of these By-Laws;

(g) sign (unless the Treasurer, an Assistant Treasurer or Assistant Secretary shall sign) certificates representing stock of the Corporation the issuance of which shall have been authorized by the Board of Directors; and

(h) in general, perform all duties incident to the office of Secretary and such other duties as are assigned to him by these By-Laws or as from time to time may be assigned to him by the Board of Directors or the President.

10. *The Treasurer.* The Treasurer shall

(a) have charge of and supervision over, and be responsible for, the funds, securities, receipts and disbursements of the Corporation;

(b) cause the moneys and other valuable effects of the Corporation to be deposited in the name and to the credit of the Corporation in such banks or trust companies or with such bankers or other depositaries as shall be selected in accordance with Section 2 of Article VI of these By-Laws;

(c) cause the funds of the Corporation to be disbursed by checks or drafts upon the authorized depositaries of the Corporation, and cause to be taken and preserved proper vouchers for all moneys disbursed;

(d) render to the President or the Board of Directors, whenever requested, a statement of the financial condition of the Corporation and of all his transactions as Treasurer, and render a full financial report at the annual meeting of the stockholders, if called upon to do so;

(e) cause to be kept at the principal place of business of the Corporation correct books of account of all its business and

transactions and exhibit such books to any director upon application at such office during business hours;

(f) sign (unless the Secretary, an Assistant Secretary or an Assistant Treasurer shall sign) certificates representing stock of the Corporation the issuance of which shall have been authorized by the Board of Directors; and

(g) in general, perform all duties incident to the office of Treasurer and such other duties as are assigned him by these By-Laws or as from time to time may be assigned to him by the Board of Directors or the President.

ARTICLE VI

Execution of Instruments and Deposit of Corporate Funds

1. *Contracts, etc. How Executed.* All contracts of, and other instruments requiring execution by, the Corporation, shall be signed by either the President or a Vice President, and by the Secretary or Assistant Secretary or the Treasurer or an Assistant Treasurer of the Corporation, or by any person or persons thereunto authorized by the Board of Directors.

2. *Deposits.* All funds of the Corporation not otherwise employed shall be deposited from time to time to its credit in such banks or trust companies or with such bankers or other depositaries as the Board of Directors may select, or as may be selected by any officer or officers, or agent or agents authorized so to do by the Board of Directors.

3. *Checks, Drafts, etc.* All checks, drafts or other orders for the payment of money, notes or other evidence of indebtedness issued in the name of the Corporation, shall be signed by such officer or officers, or agent or agents, as from time to time shall be determined by the Board of Directors.

4. *Proxies.* Proxies to vote with respect to shares of stock of other corporations owned by or standing in the name of the Corporation may be executed and delivered from time to time on behalf of the

Corporation by the President, unless some other person by resolution of the Board of Directors shall be appointed to vote such shares.

ARTICLE VII

Shares of Stock

1. *Certificates of Shares.* Certificates representing shares of stock of the Corporation shall be in such form as shall be approved by the Board of Directors, consistently with statute. Every share certificate shall be signed by the President or a Vice President and by the Secretary or an Assistant Secretary or the Treasurer or an Assistant Treasurer, and sealed with the corporate seal, which may be a facsimile, engraved or printed, but where such certificate is signed by a transfer agent or by a transfer clerk of the Corporation and a registrar, the signature of any corporate officer upon such certificate may be a facsimile, engraved or printed. In case any officer who has signed, or whose facsimile signature has been placed upon any share certificate shall have ceased to be such officer because of death, resignation or otherwise, before the certificate is issued, it may be issued by the Corporation with the same effect as if the officer had not ceased to be such at the date of its issue.

2. *Transfer of Shares.* Transfers of shares of the stock of the Corporation shall be made on the books of the Corporation by the holder of record thereof or by his attorney thereunto duly authorized by a power of attorney duly executed in writing a[illegible] filed with the Secretary of the Corporation or any of its transfer agents, and on surrender of the certificate or certificates representing such shares. The Board of Directors may appoint one or more transfer agents and one or more registrars, in any state of the United States, with respect to the certificates representing shares of any class of stock of the Corporation, and may require all such certificates to bear the signature of either or both. The Corporation and transfer agents and registrars, if any, may treat the holder of record of any share or shares as the absolute owner thereof for all purposes, and, accordingly, shall not be bound to recognize any legal, equitable or other claim to or interest in such share or shares on the part of any other person, whether or not it or

they shall have express or other notice thereof, save as otherwise expressly provided by the laws of Pennsylvania.

3. *Fixing Record Date and Closing Transfer Books.* The Board of Directors may fix a time, not less than ten or more than fifty days, prior to the date of any meeting of shareholders, or the date fixed for the payment of any dividend or distribution, or the date for the allotment of rights, or the date when any change or conversion or exchange of shares will be made or go into effect, as a record date for the determination of the shareholders entitled to notice of, and to vote at, any such meeting, or entitled to receive payment of any such dividend or distribution, or to receive any such allotment of rights, or to exercise the rights in respect to any such change, conversion or exchange of shares. In such case, only such shareholders as shall be shareholders of record on the date so fixed shall be entitled to notice of, and to vote at, such meeting, or to receive payment of such dividend, or to receive such allotment of rights, or to exercise such rights, as the case may be, notwithstanding any transfer of any shares on the books of the Corporation after any record date fixed as aforesaid. The Board of Directors may close the books of the Corporation against transfers of shares during the whole or any part of such period, and in such case written or printed notice thereof shall be mailed at least ten days before the closing thereof to each shareholder of record at the address appearing on the records of the Corporation or supplied by him to the Corporation for the purpose of notice. While the stock transfer books of the Corporation are closed, no transfer of shares shall be made thereon.

4. *Lost or Destroyed Certificates.* The Board of Directors may direct a new share certificate or certificates to be issued in place of any certificate or certificates theretofore issued by the Corporation alleged to have been destroyed or lost, upon the making of an affidavit of that fact by the person claiming the share certificate to be lost or destroyed, and the Board of Directors, when authorizing such issue of a new certificate or certificates, may, in its discretion, and as a condition precedent to the issuance thereof, require the owner of such lost or destroyed certificate or certificates, or his legal representatives, to

advertise the same in such manner as it shall require and/or give the Corporation a bond in such sum as it may direct as indemnity against any claim that may be made against the Corporation.

ARTICLE VIII

Miscellaneous Provisions

1. *Corporate Records.* The Corporation shall keep at its registered office an original or duplicate record of the proceedings of the shareholders and of the directors, and the original or a copy of its By-Laws, including all amendments and alterations thereto to date, certified by the Secretary, and shall keep at its registered office, or at the office of a transfer agent or registrar in Pennsylvania, an original or a duplicate share register, giving the names of the shareholders in alphabetical order, and showing their respective addresses, the number and classes of shares held by each, the number and date of certificates issued for the shares, and the number and date of cancellation of every certificate surrendered for cancellation. The Corporation shall keep at its principal place of business appropriate, complete and accurate books or records of account.

2. *Fiscal Year.* The fiscal year shall begin the first day of October in each year, and shall end on the thirtieth day of the following September.

3. *Financial Report to Shareholders.* The directors shall cause to be sent to the shareholders within one hundred twenty days after the close of the fiscal year of the Corporation a report containing financial statements, which shall include a balance sheet as of the close of such year, together with statements of income and surplus for such years, prepared so as to present fairly its financial condition and the results of its operations. Such financial statements shall have been examined in accordance with generally accepted auditing standards by an independent certified public accountant of any state or territory of the United States, or by a firm thereof, and shall be accompanied by such accountant's or firm's opinion as to fairness of the presentation of the financial statement. The accountant or firm shall not be deemed inde-

pendent if he or any member of the firm is a director, officer or employee of the Corporation or is otherwise in fact not independent.

4. *Notices.* Whenever under the provisions of the statutes or of the Articles of Incorporation or of these By-Laws, notice is required to be given to any person, it may be given to such person either personally or by sending a copy thereof through the mail or by telegram, charges prepaid, to his address appearing on the books of the Corporation or supplied by him to the Corporation for the purpose of notice. If the notice is sent by mail or by telegraph, it shall be deemed to have been given to the person entitled thereto when deposited in the United States mail or with a telegraph office for transmission to such person.

Any notice required to be given to any person may be waived in writing signed by the person entitled to such notice either before or after the time stated therein. Except in the case of a special meeting, neither the business to be transacted at, nor the purpose of, the meeting need be specified in the waiver notice of such meeting. Attendance of any person entitled to notice, either in person or by proxy, at any meeting, shall constitute a waiver of notice of such meeting, except where such person attends a meeting for the express purpose of objecting to the transaction of any business because the meeting was not lawfully called or convened.

ARTICLE IX

Amendments

All By-Laws of the Corporation now or hereafter adopted by the stockholders or by the Board of Directors may be amended, altered or repealed, and other by-laws may be adopted, either (a) by the affirmative vote of the holders of record of a majority of the shares entitled to vote thereon at any regular or special meeting duly convened after notice for that purpose, or (b) by the affirmative vote of a majority of the members of the Board of Directors; provided, however, that the shareholders entitled to vote thereon may at any time limit the power of the Board of Directors to amend, alter or repeal any by-law adopted by the shareholders.

ARTICLE X

Indemnity

The Corporation shall indemnify each of its directors and officers and each person who may have served at its request as a director or officer of another corporation against all expenses, as hereinafter defined, that he reasonably incurs in connection with the defense of any action, suit or proceeding, civil or criminal, to which he is a party or with which he may be threatened, by reason of his being or having been a director or officer of the Corporation or such other corporation, whether or not he continues to be such a director or officer at the time of incurring such expenses. As used in this Article, expenses shall include amounts of judgments, fines and penalties against, and amounts paid in settlement by, such director, officer or other person (except amounts payable or paid to the Corporation), but shall not include (a) any expenses incurred in connection with any matter as to which such director, officer or other person shall be adjudged in such action, suit or proceeding (without such judgment's being reversed) to be liable by reason of his negligence or wilful misconduct in the performance of his duties as director or officer, or (b) any expenses incurred in connection with any matter that shall have been the subject of such action, suit or proceeding disposed of otherwise than by adjudication on the merits, unless in relation to such matter such director, officer or other person shall not have been liable for negligence or wilful misconduct in the performance of his duties as a director or officer. In the case of a criminal action, suit or proceeding, a conviction or judgment (whether based on a plea of guilty or nolo contendere or similar plea, or after trial) shall not be deemed an adjudication that such director, officer or other person is liable for negligence or wilful misconduct if he was acting in good faith, in what he considered was the best interests of the Corporation or such other corporation and in the belief based on reasonable grounds that his action was not unlawful. The Board of Directors, in taking action pursuant to this Article, may rely conclusively upon the opinion of legal counsel selected or approved by it as to whether or not a director, officer or other person shall have been liable, or shall have been adjudged to have been liable, for negligence or wilful misconduct in the performance of his duties as director or officer. The

right of indemnification granted by this Article shall be in addition to any rights to which any person may be entitled by law, agreement, vote of stockholders or otherwise. If any part of this Article shall be found in any action, suit or proceeding to be invalid or ineffective the validity and effect of the remaining provisions shall not be affected.

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DEFENDANTS' EXHIBIT BQ

BOARD OF DIRECTORS MEETING - AUGUST 12, 1969

A regular meeting of the Board of Directors of Piper Aircraft Corporation was held at the office of the Corporation in Lock Haven, Pennsylvania at 11:15 a.m. on August 12, 1969 pursuant to notice to all directors.

There were present:

~~W. T. Piper, Jr.~~
~~Howard Piper~~
~~Thomas F. Piper~~
~~Walter C. Jamouneau~~
~~Charles W. Pool~~
James J. Rochlis
C. Leonard Gordon

being all of the incumbent directors and constituting a quorum. Also present by invitation was Donald L. Deming, Esq. of Chadbourne, Parke, Whiteside & Wolff.

W. T. Piper, Jr., Chairman of the Board of Directors and President of the Corporation, presided, and Walter C. Jamouneau, Secretary of the Corporation, kept the minutes.

The Chairman stated that the Secretary had sent to all directors a copy of the proposed minutes of the last Board meeting on May 6, 1969. There being no comments or suggestions thereon, upon motion duly

made and seconded and unanimously adopted, it was

RESOLVED, that the minutes of the meeting of the Board of Directors of this Corporation on May 6, 1969 heretofore sent to the directors be and the same hereby are approved and ordered to be incorporated in the minute book of the Corporation.

The Secretary then read to the Board minutes of the meetings of the Executive Committee held on May 17, 1969, May 26, 1969 and June 25, 1969.

The next item of business to come before the meeting was consideration of the payment of a dividend. After discussion, upon motion duly made and seconded and unanimously adopted, it was

RESOLVED, that a quarterly dividend of 35 cents per share be and it hereby is declared on the Common Stock of this Corporation, payable on September 15, 1969 from the earned surplus to shareholders of record at the close of business on September 3, 1969.

Following adoption of the foregoing resolution, Mr. Pool submitted his resignation as a member of the Board of Directors effective immediately. Mr. Pool then left the meeting. David W. Wallace was thereupon duly nominated to fill the vacancy caused by Mr. Pool's resignation and was unanimously elected a director of the Corporation by the six directors present. Mr. Wallace then joined the meeting.

Mr. Jamouneau then submitted his resignation as a member of the Board of Directors effective immediately. W. Gordon Robertson was thereon duly nominated to fill the vacancy caused by Mr. Jamouneau's resignation and was unanimously elected a director of the Corporation by the six directors present. Mr. Robertson then joined the meeting.

Thomas F. Piper then submitted his resignation as a member of the Board of Directors effective immediately. Mr. Piper then left the meeting. John E. Flick was thereupon duly nominated to fill the vacancy caused by Thomas F. Piper's resignation and was unanimously elected a director of the Corporation by the six directors present. Mr. Flick then joined the meeting.

Howard Piper then submitted his resignation as a member of the Board of Directors effective immediately. Mr. Piper then left the meeting. Nicolas M. Salgo was thereupon duly nominated to fill the vacancy caused by Howard Piper's resignation and was unanimously elected a director of the Corporation by the six directors present.

The Chairman pointed out that there was still one vacancy remaining on the Board, which had been open since April 1969, and he asked whether the Chris-Craft representatives on the Board wished to nominate a person to fill such vacancy. Thereupon

Messrs. Gordon and Rochlis duly nominated Lawrence R. Barnett to fill such vacancy, and Mr. Barnett was unanimously elected a director of the Corporation by the six directors present.

W. T. Piper, Jr. then submitted his resignation as Chairman of the Board of Directors effective immediately, while retaining his membership on the Board of Directors. Nicolas M. Salgo was thereupon duly nominated and, by the affirmative vote of four directors with Messrs. Rochlis and Gordon abstaining, was elected Chairman of the Board of Directors of the Corporation.

Walter C. Jamouneau then submitted his resignation as Secretary effective immediately. A nomination having been duly made, by the affirmative vote of four directors with Messrs. Rochlis and Gordon abstaining, John E. Flick was elected Secretary of the Corporation and Walter C. Jamouneau and John J. Martin were elected Assistant Secretaries of the Corporation.

By motion duly made and seconded, Walter C. Jamouneau was then unanimously elected a Vice President of the Corporation at a salary at the annual rate of $45,000.

Mr. Wallace stated that he and the other Bangor Punta officers elected to the Board of Directors would not expect to receive directors' fees since they do not, as a matter of policy, accept directors' fees from subsidiaries or affiliated companies, and he asked that this be noted in the minutes of the meeting.

A motion was then duly made and seconded to amend the By-Laws of the Corporation to permit meetings of the Board of Directors to be held at any place that may be specified in the notice of meeting. After discussion, the following resolution was unanimously adopted:

> RESOLVED, that Section 3 of Article IV of the By-Laws of the Corporation be and the same is hereby amended to read as follows:
>
> "3. Place of Meeting. The meetings of the Board of Directors may be held at such place within the Commonwealth of Pennsylvania or elsewhere as may be specified in the notice calling the meeting or, in cases where no notice is required and none is given, as may be determined by a majority of the directors."

The Chairman announced that the next meeting of the Board of Directors would be held on November 12, 1969.

There being no further business to come before the meeting, upon motion duly made and seconded and unanimously adopted, the meeting was adjourned at 11:40 a.m.

_____

Secretary

PIPER AIRCRAFT CORPORATION

REGULAR MEETING

of the

BOARD OF DIRECTORS

One Greenwich Plaza
November 6, 1969

A regular meeting of the Board of Directors of Piper Aircraft Corporation was held at the First Floor of One Greenwich Plaza, Greenwich, Connecticut, at 10:45 A.M., on November 6, 1969.

Pursuant to due notice to all Directors, there were present:

John E. Flick
C. Leonard Gordon
W. T. Piper, Jr.
W. Gordon Robertson
James J. Rochlis
Nicolas M. Salgo
D. W. Wallace

The following member of the Board of Directors was unable to attend:

Lawrence R. Barnett

Mr. Salgo, the Chairman, presided and Mr. John E. Flick, Secretary of the Corporation kept the minutes.

The Chairman stated that the Secretary had sent to all Directors a copy of the proposed minutes of the last Board Meeting held on August 12, 1969. There being no comments or suggestions thereon, upon motion duly made, seconded and unanimously adopted, it was:

RESOLVED, that the minutes of the meeting of the Board of Directors of this Corporation on August 12, 1969, heretofore sent to the Directors be and the same hereby are approved and ordered to be incorporated in the minute book of the Corporation.

Amendment of By-Laws Relating to Shareholder Meetings

The Chairman stated that it would be appropriate to amend the By-Laws of the Corporation to provide that meetings of shareholders may be held within or without the Commonwealth of Pennsylvania and to further provide that the Corporation's Annual Meeting of Shareholders be held at such time as may be fixed by the Board of Directors. Mr. Wallace stated that Bangor Punta, as a major shareholder of Piper, is willing to proceed with the Annual Stockholders Meeting of Piper Aircraft Corporation on the first Tuesday in February, 1970, as presently prescribed by the By-Laws. In view of the transitional stage through which Piper Aircraft Corporation is currently passing, however, Mr. Wallace stated that Bangor Punta is willing to accommodate Chris-Craft and postpone the meeting for the time being in accordance with the new proposed amendment to the By-Laws. Mr. Gordon stated that he thinks there is an obligation resulting from a commitment to the United States Court of Appeals that such a meeting not be held in February, 1970. Mr. Flick stated that Bangor Punta does not agree with Mr. Gordon's position but feels the point is moot, inasmuch as Bangor Punta is willing to change the By-Laws regarding the Annual Meeting. Mr. Gordon further stated that he had no objection to the amendment of Section 2. of Article III of the By-Laws as proposed, provided that any such stockholders meeting of Piper Aircraft Corporation as might be called pursuant to this Section by the Board of Directors, does not occur sooner than 60 days after the date on which the Board of Directors of Piper Aircraft Corporation, approved the calling of a Stockholders Meeting. This provision was acceptable to the other members of the Board. After further discussion and upon motion duly made, seconded and unanimously adopted, it was:

RESOLVED, that Section 1. of Article III of the By-Laws of the Corporation be, and the same is hereby amended to read as follows:

"1. Place of Meeting. All meetings of the shareholders shall be held at the principal office of the Corporation in the Commonwealth of Pennsylvania or at such other place within or without the Commonwealth of Pennsylvania as may be fixed by the Board of Directors and as may be designated in the notice of such meeting provided for in Section 4. of Article III of these By-Laws."

and;

RESOLVED, that Section 2. of Article III of the By-Laws of the Corporation be and the same is hereby amended to read as follows:

"2. Annual Meetings. The Annual Meeting of the Shareholders for the election of Directors and for the transaction of such other business as may properly come before the meeting shall be held in each calendar year at such time as may be fixed by the Board of Directors, provided, however, that the time of such Annual Meeting shall be at least 60 days from the date on which the Board of Directors takes action to fix such time."

Amendment to By-Laws Relating to Officers of the Corporation

The Chairman stated that it would be desirable to amend the By-Laws to provide for the office and appointment of one or more Senior Vice Presidents and a Controller and the designation of Assistant Officers by the President of the Corporation, in the setting of officers salaries and certain other changes. After discussion, upon motion duly made, seconded and carried, it was:

RESOLVED, that Sections 1, 2, 3, 5, and 6 of Article V. of the By-Laws of the Corporation be and the same are hereby amended to read as follows:

"1. Number. The officers of the Corporation shall be a Chairman of the Board of Directors, a President, one or more Senior Vice Presidents, two or more Vice Presidents of whom one shall be designated the Executive Vice President, a Secretary, a Treasurer and a Controller and such other officers as may be appointed in accordance with the provisions of Section 3. of this Article V. The Chairman of the Board of Directors shall be chosen from among the Directors. Any two of the aforesaid offices, except those of President and Secretary, may be held by the same person.

2. Election, Salaries, Term of Office and Qualifications. Each Officer of the Corporation (except such officers as may be appointed in accordance with Section 3. of this Article V.) shall be chosen by the Board of Directors, shall receive such salary as shall be fixed from time to time by the Board of Directors and shall hold his office until his successor shall have been duly chosen and qualified. Except as provided in Section 1. of this Article V., it shall not be necessary for any officer to be a director or a shareholder.

3. Subordinate Officers. The President from time to time may appoint such other officers or agents, as he may deem necessary or advisable, each of whom shall hold office for such period, receive such salary, have such authority and perform such duties as are provided in these By-Laws or as the President or

Board of Directors shall from time to time determine.

4. Removal. Any officer or agent elected or appointed by the Board of Directors or the President may be removed, with or without cause, by the Board of Directors or the President, as the case may be, whenever in its, or his, judgment the best interests of the Corporation will be served thereby, but such removal shall be without prejudice to the contract rights, if any, of the person so removed.

5. Resignations. Any officer may resign at any time by giving written notice of such resignation to the Board of Directors or the President, a Senior Vice President, a Vice President, the Secretary or an Assistant Secretary; unless otherwise specified therein such resignation shall take effect upon receipt thereof by the Board of Directors or by any such officer.

6. Vacancies. A vacancy in any office because of death, resignation, removal, disqualification or any other cause shall be filled in the manner provided in this Article V. for the regular election or appointment to such office."

and;

RESOLVED, that Section 8. of Article V. of the By-Laws of the Corporation be and the same is hereby amended to read as follows:

"8. Executive Vice President, Senior Vice Presidents, and Vice Presidents. The Executive Vice President in the absence of the President or during any vacancy in the office of President shall have the powers and perform the duties of President. Each Senior Vice President or Vice President shall have such powers and perform such duties as are assigned to him by these By-Laws or as from time to time may be assigned to him by the Board of Directors or the Executive Committee or the President. Any Senior Vice President, or Vice President may sign certificates representing stock of the Corporation, the issuance of which shall have been authorized by the Board of Directors."

and;

RESOLVED, that Section 10. of Article V. of the By-Laws of the Corporation be and the same is hereby amended to read as follows:

10. The Treasurer. The Treasurer shall

(a) have charge of and supervision over, and be responsible for, the funds, securities, receipts and disbursements of the Corporation;

(b) cause the moneys and other valuable effects of the Corporation to be deposited in the name and to the credit of the Corporation in such banks or trust companies or with such bankers or other depositaries as shall be selected in accordance with Section 2. of Article VI of these By-Laws;

(c) cause the funds of the Corporation to be disbursed by checks or drafts upon the authorized depositaries of the Corporation, and cause to be taken and preserved proper vouchers for all moneys disbursed;

(d) render to the President, or any Senior Vice President or the Board of Directors, whenever requested, a statement of the financial condition of the Corporation and of all his transactions as Treasurer, and render a full financial report at the annual meeting of the stockholders, if called upon to do so;

(e) sign (unless the Secretary, an Assistant Secretary or an Assistant Treasurer shall sign) certificates representing stock of the Corporation the issuance of which shall have been authorized by the Board of Directors; and

(f) in general, perform all duties incident to the office of Treasurer and such other duties as are assigned him by these By-Laws or as from time to time may be assigned to him by the Board of Directors or, the President, or any Senior Vice President."

and;

RESOLVED, that there be added to Article V. of the By-Laws of the Corporation a new Section 11. to read as follows:

"11. The Controller. The Controller shall

(a) cause to be kept at the principal place of business of the Corporation correct books of account of all its business and transactions and exhibit such books to any director upon application at such office during business hours;

(b) in general, perform all duties incident to the office of Controller and such other duties as are assigned him by these By-Laws or as from time to time may be assigned to him by the Board of Directors or, the President, or any Senior Vice President."

and;

RESOLVED, that Section 1. of Article VI of the By-Laws of the Corporation be and the same is hereby amended to read as follows:

"1. Contracts, etc. How Executed. All contracts of, and other instruments requiring execution by, the Corporation, shall be signed by either the President, or a Senior Vice President or a Vice President, and by the Secretary or Assistant Secretary or the Treasurer or an Assistant Treasurer of the Corporation, or by any person or persons thereunto authorized by the Board of Directors."

and;

RESOLVED, that Section 1. of Article VII of the By-Laws of the Corporation be and the same is hereby amended to read as follows:

"1. Certificates of Shares. Certificates representing shares of stock of the Corporation shall be in such form as shall be approved by the Board of Directors, consistent with statute. Every share certificate shall be signed by the President, or a Senior Vice President or a Vice President and by the Secretary or an Assistant Secretary or the Treasurer or an Assistant Treasurer, and sealed with the corporate seal, which may be a facsimile, engrave or printed, but where such certificate is signed by a transfer agent or by a transfer clerk of the Corporation and a registrar, the signature of any corporate officer upon such certificate may be a facsimile, engraved or printed. In case any officer who has signed, or whose facsimile signature has been placed upon any share certificate shall have ceased to be such officer because of death, resignation or otherwise, before the certificate is issued, it may be issued by the Corporation with the same effect as if the officer had not ceased to be such at the date of its issue."

Election of Certain Officers

Mr. Charles W. Pool thereupon submitted his resignation as Treasurer. The Chairman then recommended that Mr. John Leeson be elected to the position of Treasurer and further, that Mr. Charles W. Pool be elected to the position of Senior Vice Presi-

dent-Finance and Administration, that Mr. J. W. Miller be elected to the position of Vice President-Marketing and New Developments, that Mr. Joseph Mergen be elected to the position of Vice President-Operation, effective December 1, 1969, that Mr. Wallis C. Smith be elected to the position of Vice President-Sales, that Mr. Jack J. Cattoni be elected to the position of Controller, and that Mr. Eugene Stickley be elected to the position of Assistant Vice President-Corporate Planning. Mr. Wallace submitted an organizational chart to the members of the Board which reflects the proposed changes and interim organization. A copy of this chart is attached and made a part of these minutes. Mr. Wallace stated that Mr. Joseph Mergen, a Vice President of the Lycoming Division of Avco, comes highly recommended. Prior to the vote on the resolutions regarding election of officers as set forth on pages 7 through 8, Mr. C. Leonard Gordon stated that he appreciated the work that had been done in connection with the reorganization but because of lack of knowledge, he and Mr. Rochlis would abstain from voting on the aforementioned resolutions. These minutes reflect, therefore, that all of said resolutions were adopted by a vote of five Directors in favor, zero Directors against and two abstentions. (Mr. Gordon and Mr. Rochlis). Upon motion duly made, seconded and carried, it was:

RESOLVED, that the resignation of Charles W.Pool as Treasurer of the Corporation be,and it hereby is accepted effective immediately; and

RESOLVED, that Mr. John Leeson be,and he hereby is, elected to the office of Treasurer of the Corporation, at his present salary and with such duties as may be prescribed by the By-Laws of the Corporation and as may be prescribed from time to time by the Board of Directors, Chairman, President or Senior Vice President-Finance and Administrator of the Corporation; and

RESOLVED, that Mr. Charles W. Pool be, and he hereby is, elected to the office of Senior Vice President-Finance and Administration of the Corporation, at his present salary and with such duties as may be prescribed by the By-Laws of the Corporation and as may be prescribed from time to time by the Board of Directors, Chairman, or the President of the Corporation; and

RESOLVED, that Mr. J. Willard Miller be,and he hereby is, elected to the office of Vice President-Marketing and New Product Development of the Corporation, at his present salary and with such duties as may be prescribed by the By-Laws of the Corporation and as may be prescribed from time to time by the Board of Directors, Chairman, or President of the Corporation; and

RESOLVED, that effective December 1, 1969, Mr. Jospeh Mergen be, and he hereby is, elected to the office of Vice President-Operation of the Corporation, at a salary

of $45,000 per year and with such duties as may be prescribed by the By-Laws of the Corporation and as may be prescribed from time to time by the Board of Directors, Chairman, or President of the Corporation; and

RESOLVED, that Mr. Wallis C. Smith be, and he hereby is, elected to the office of Vice President-Sales of the Corporation, at a salary of $30,000 per year and with such duties as may be prescrived by the By-Laws of the Corporation and as may be prescribed from time to time by the Board of Directors, Chairman, or President of the Corporation; and

RESOLVED, that Mr. Jack J. Cattoni, be and he hereby is, elected to the office of Controller of the Corporation, at his present salary and with such duties as may be prescribed by the By-Laws of the Corporation and as may be prescribed from time to time by the Board of Directors, Chairman, President or Senior Vice President-Finance and Administration of the Corporation; and

RESOLVED, that Mr. Eugene Stickley be, and he hereby is, elected to the office of Assistant Vice President-Corporate Planning, at his present salary and with such duties as may be prescribed by the By-Laws of the Corporation and or may be prescribed from time to time by the Board of Directors, Chairman, President, or Senior Vice President-Finance and Administration of the Corporation.

Selection of Auditors

The Chairman stated that it would be appropriate for the Directors to designate Arthur Young & Company as auditors of the Corporation for the fiscal year ending September 30, 1970. After discussion, upon motion duly made and seconded and unanimously adopted, it was:

RESOLVED, that Arthur Young & Company be and they hereby ar e appointed auditors of the Corporation for the fiscal year ending September 30, 1970.

Presentation of Tentative Financials

Mr. Donald J. Fennelly of Arthur Young & Company, public auditors for Piper Aircraft Corporation, presented copies of the tentative financial statements for the corporation for the fiscal year ended September 30, 1969, to each member of the Board. After

Mr. Fennelly presented his report regarding these statements, all the Board members questioned Mr. Fennelly extensively. Detailed answers to these inquiries were given by Mr. Fennelly, Mr. Pool and Mr. Stickley. The latter two gentlemen joined the meeting at the beginning of the financial presentation.

Legal Fees

Mr. Gordon raised the question as to the allocation which had been made between Piper Aircraft Corporation and the Piper family in connection with legal and accounting fees this year. Mr. Gordon presented a letter to Mr. Wallace dated November 5, 1969, a copy of which is attached to and made a part of these minutes. Arrangements are to be made for briefing Mr. Gordon on this subject in Lock Haven, Pennsylvania.

Aireraft Performance

Mr. Gordon stated that he wished to discuss the record of the Twin Comanche (PA-30). After considerable discussion, Mr. Gordon and Mr. Rochlis agreed that they would go to Lock Haven and educate themselves further on its performance.

Payment of Bonus

Inasmuch as the employees of Piper Aircraft Corporation usually receive their annual bonus in October, the Board of Directors approved the payment of bonuses for fiscal year 1969 based on the tentative financial statement submitted by Arthur Young & Company to the Board of Directors at this meeting. Mr. Gordon stated that, although he and Mr. Rochlis had no specific objection to this payment, they wished to abstain from voting on this particular issue. Therefore, the decision to pay the bonus, based on the tentative financial statements was, five Directors in favor, zero Directors against and two abstentions. (Mr. Gordon and Mr. Rochlis).

Consideration of Dividends

Mr. Salgo stated that in view of the financial questions still under consideration, he would recommend that the Board of Directors not act on the payment of the quarterly dividend until the next meeting of the Board to be held not later than December 4, 1969. The members of the Board unanimously agreed and adopted Mr. Salgo's recommendation.

There being no further business to come before the meeting, upon motion duly made, seconded and unanimously adopted, the meeting was adjourned at 1:00 P.M.

JOHN E. FLICK - Secretary

PAC-11-6-69-9

1316

C. LEONARD GORDON
600 MADISON AVENUE
NEW YORK, NEW YORK 10022

November 5, 1969

David W. Wallace
Piper Aircraft Corporation
Lock Haven, Pennsylvania

Dear David:

As I mentioned to you we are concerned at the tremendous jump in legal and accounting of Piper for 1969 over 1968. It may represent legal accounting and other expenses which properly belong to the Piper family.

In order to discharge my responsibility as a Director of Piper I request an opportunity to inspect all records relating to legal accounting and all related expenses.

Sincerely yours,

Leonard

C. Leonard Gordon

CLG/cg

1317

November 6, 1969

TO: BOARD OF DIRECTORS
PIPER AIRCRAFT CORPORATION

I hereby resign as Treasurer of Piper Aircraft Corporation effective immediately.

Very truly yours,

Charles W. Pool

J. M.

PIPER AIRCRAFT CORPORATION

SPECIAL MEETING

of the

BOARD OF DIRECTORS

One Greenwich Plaza
November 24, 1969

A Special Meeting of the Board of Directors of Piper Aircraft Corporation was held at the First Floor of One Greenwich Plaza, Greenwich, Connecticut, at 3:30 P.M., on November 24, 1969.

Pursuant to due notice to all Directors, there were present:

Lawrence R. Barnett
John E. Flick
C. Leonard Gordon
W. T. Piper, Jr.
W. Gordon Robertson
D. W. Wallace

Absent were Mr. Nicolas M. Salgo, Chairman of the Board, and Mr. James J. Rochlis.

In the absence of Mr. Nicolas M. Salgo, Mr. David W. Wallace presided at the meeting. Mr. John E. Flick, Secretary of the Corporation kept the minutes. Also in attendance, at the invitation of the Board of Directors, were Mr. Donald J. Fennelly, partner of Arthur Young & Company and Mr. Charles W. Pool, Senior Vice President, Finance and Administration,

Piper Aircraft Corporation.

Aircraft Performance

Mr. Piper advised the members of the Board that the new placard to be placed in the PA-30 is being given a final review by the FAA and it is anticipated that the FAA will take final action on it in the near future. He pointed out that the FAA has carefully examined and tested the PA-30. Three different FAA experts, using at least three different PA-30 aircraft, have conducted this review. A copy of the proposed placard, in its present form, was given to the Board. After examination of the placard by the members of the Board, it was given to Mr. Gordon for his files. A copy of the placard which was shown to the Board is attached hereto and made a part of these minutes.

Mr. Wallace then advised the members of the Board that Bangor Punta has engaged the services of Mr. E. B. Feutz to fly the aircraft and give Bangor Punta a report of his findings. A copy of this report will be submitted to the Board of Directors. Mr. Feutz's resume, together with a list of clients which he has served, was given to each member of the Board. A copy of this material is attached hereto and made a part of these minutes.

Financial Information

The Secretary furnished to the members of the Board a financial statement for the month of October 1969, which was prepared by the Corporation's financial staff. A copy of this statement is attached to and made a part of these minutes. Mr. Wallace then stated that Mr. Gordon has raised certain questions concerning the furnishing of financial information to Messrs. Gordon, Rochlis and Barnett. He stated that it has always been the policy of Piper Aircraft Corporation and the Board of Directors, to make available to members of the Board, pertinent financial information in accordance with reasonable requests, provided that such information is necessary for Board members to carry out their responsibilities and is not used for other purposes. He further stated, however, that in order to assure that Messrs. Gordon, Rochlis and Barnett receive pertinent information which they desire, it is being requested that they set forth in writing, the specific information which they wish to receive and that personnel of Piper Aircraft Corporation will then submit replies to their inquiries in writing. Mr. Gordon then indicated that he would like to have a monthly earnings statement which would make a comparison with the same month in the previous year. He stated, however, that he would not need to receive a monthly balance sheet. The monthly statement of

ONLY COPY AVAILABLE

earnings would also include the year-to-date profit and loss information. In response to an inquiry by Mr. Gordon, Mr. Fennelly, of Arthur Young & Company and Mr. Charles W. Pool, stated that there has been no change in cost accounting methods of Piper Aircraft Corporation for fiscal year 1969. Mr. Fennelly stated that he would be willing to certify this in writing, if Mr. Gordon so desired. In connection with other comments on the financials which Mr. Gordon had made, it was agreed by Mr. Gordon that he would submit his specific questions in writing. Mr. Pool also delivered to Mr. Gordon the following documents:

a) Statement of Officers Travel Expenses for fiscal year 1969.

b) Statement entitled "Inventory and Work in Process."

c) Study regarding actuarial assumptions of Piper Aircraft Corporation by Connecticut General Life Insurance Company.

d) Warranty Policy of Piper Aircraft Corporation.

Copies of the foregoing documents are attached hereto and made a part of these minutes.

Financial Statement - Fiscal Year 1969

Mr. Gordon stated that, inasmuch as he has not received the information which he desires, that he is not in a position to accept the financial statements of Arthur Young & Company which were submitted at the meeting on November 6, 1969, a copy of which is attached hereto and made a part of these minutes. Mr. Wallace stated that he regretted that Mr. Gordon had been unable to stay long enough in Lock Haven, when he was there on November 14, 1969, to receive the financial review which had been prepared for him by the financial staff of Piper Aircraft Corporation but that he could understand Mr. Gordon's desire to receive additional pertinent information which will be supplied upon reasonable written request. Mr. Gordon stated that in his view, the non-acceptance of the financial statements at this time, should not be a reason to pass the dividend. Mr. Piper stated that he thought it most peculiar and not a sound business practice to declare a dividend prior to approving the year end financial statements. After considerable discussion, it was the consensus that the present policy of the Board shall be that further consideration of the dividend under discussion will be given when the financial statements for the fiscal year ending September 30, 1969, are finally approved and accepted by the unanimous vote of the Board of Directors. Four Directors voted in favor of this proposition (Messrs. Piper, Robertson, Wallace and Flick). Two Directors voted against this proposition (Mr. Gordon and Mr. Barnett).

It was understood that Mr. Gordon will notify Mr. Flick when he is prepared to discuss this matter further at a meeting of the Board.

There being no further business to come before the meeting, upon motion duly made, seconded and unanimously adopted, the meeting was adjourned at 5:50 P.M.

JOHN E. FLICK - SECRETARY

1322

PIPER AIRCRAFT CORPORATION

SPECIAL MEETING

of the

BOARD OF DIRECTORS

Greenwich, Connecticut
March 2, 1970

A Special Meeting of the Board of Directors of Piper Aircraft Corporation was held at the first floor of One Greenwich Plaza, Greenwich, Connecticut at 2:15 P.M. on March 2, 1970. Pursuant to due notice to all directors, there were present:

Lawrence R. Barnett
C. Leonard Gordon, Esq.
W. T. Piper, Jr.
W. Gordon Robertson
James J. Rochlis
Nicolas M. Salgo
David W. Wallace

Also present was Mr. John J. Martin, Assistant Secretary of the Corporation. In attendance at the invitation of the Board of Directors was Mr. Dudley C. Phillips.

Mr. Nicolas M. Salgo presided at the meeting and Mr. John J. Martin kept the minutes.

Establishment of Regular Directors Meetings

The Board discussed the establishment of a schedule for Regular meetings of the Board. It was the consensus of the Board that Regular Meetings should be held on the first Monday prior to the first Tuesday of every month commencing at 3:30 P.M. The Board decided that the April meeting should be held on April 13, 1970 and that subsequent meetings be held on May 4, 1970, June 1, 1970, and July 6, 1970.

Discussion of Minutes of Previous Meetings

The Minutes of the Board meetings of November 6, 1969 and November 24, 1969 were distributed to the Board members and it was agreed that approval of these Minutes be deferred until all Board members had a chance to review them.

The Chairman then stated that John E. Flick had resigned as Secretary and Director of the Corporation effective as of December 31, 1969 and recommended that the Board accept such resignation.

Thereupon, upon motion duly made, seconded, and passed by a vote of four Directors in favor, none opposed, and three (Messrs. Gordon, Rochlis, and Barnett) abstaining, it was

RESOLVED, that the resignation of John E. Flick as a Director and the Secretary of this Corporation be, and it hereby is, accepted as of December 31, 1969.

The Chairman then nominated Dudley C. Phillips to serve as a Director of the Corporation and John J. Martin to serve as its Secretary.

Thereupon, after discussion and upon a motion duly made, seconded, and passed by a vote of four Directors in favor, none opposed, and three Directors (Messrs. Gordon, Rochlis, and Barnett) abstaining, it was

RESOLVED, that Dudley C. Phillips be, and he hereby is, elected a Director of this Corporation effective as of March 2, 1970, and

RESOLVED, that John J. Martin be, and he hereby is, elected the Secretary of this Corporation effective as of March 2, 1970.

Mr. Phillips, thereupon, participated in the meeting as a Director.

Mr. Wallace then stated that he recommended creation of the position of Vice President - Plans, Programs, and Aviation Safety for the Corporation. He stressed to the Board the importance of the Corporation coordinating its aviation safety activities and he reviewed with the Board the duties entailed in the proposed position. Mr. Piper responded that he and certain other members of management had been working on a revision of the Corporation's aviation safety program for several months and he intended in the near future to recommend to the Board a revised program and a man to head it for the Corporation.

After discussion, Mr. Wallace suggested that the position to be created be that of Vice President - Plans and Programs, with the understanding that, until Mr. Piper made his recommendations in the area of aviation safety, and until the Board considered and acted on such recommendations, the new position would also entail responsibility for aviation safety. Mr. Piper stated that he expected to make his recommendations at the next Regular Board meeting. Mr. Wallace then recommended that Eugene Stickley,

presently an Assistant Vice President of the Corporation, be appointed to the newly created position of Vice President - Plans and Programs and that he receive a salary of $25,000 per year and that he act as coordinator and supervisor of aviation safety for the Corporation until Mr. Piper makes his recommendations and the Board acts on such recommendations.

Thereupon, after discussion and upon motion duly made, seconded, and carried by a vote of five Directors in favor and three (Messrs. Gordon, Rochlis, and Barnett) abstaining, it was

RESOLVED, that Eugene Stickley be, and he hereby is, elected Vice President - Plans and Programs of this Corporation effective as of March 2, 1970 at an annual salary of $25,000.

Bank Signatures

The Chairman stated that it would be in order for the Board to consider authorizing certain employees of the Corporation (i) to deposit funds of the Corporation with certain banks, (ii) to withdraw funds of the Corporation from such banks, and (iii) to borrow funds on behalf of the Corporation. The purpose of such authorization being to bring the authorized employees up to date. Mr. Gordon expressed concern over the amounts allowed to be borrowed by such employees on behalf of the Corporation without Board approval and suggested that it would be appropriate to work out a procedure whereby the Board could give limited approval to the borrowing of money by its employees. It was agreed that the Board would approve new resolutions concerning authorized signatures, but that a report would be made to the Board as to the procedure involved in borrowing money by its employees and on a way to keep the Board advised of current borrowings.

Thereupon, upon motion duly made and unanimously carried, it was

RESOLVED, that First National Bank of Lock Haven - Lock Haven, Pennsylvania; Lock Haven Trust Company - Lock Haven, Pennsylvania; Pittsburgh National Bank - Pittsburgh, Pennsylvania; First National City Bank - New York, New York; Manufacturers Hanover Trust Company - New York, New York; The First Pennsylvania Banking and Trust Company - Philadelphia, Pennsylvania; The Indian River Citrus Bank - Vero Beach, Florida; and Florida National Bank - Vero Beach, Florida are hereby designated as Depositories for the funds of this Corporation and are hereby authorized to accept for deposit to the credit of this Corporation in such account or accounts, as the Treasurer of this Corporation shall designate, from time to time, monies, checks, drafts, notes, acceptances or other evidences of indebtedness which may now or may hereafter come into its possession.

FURTHER RESOLVED, that the aforementioned banks are authorized to make payments from the funds of this Corporation on deposit with it, upon and according to the check, draft, note, bill of exchange or acceptance of this Corporation, signed or countersigned by any two of its following officers whether the same be payable to the order of, or in favor of the officer or person signing or countersigning them, or to any of its officers or persons in his individual capacity, or otherwise; and whether the same be deposited to the individual credit of or tendered in payment of the obligation of the officer signing or countersigning, or deposited to the individual credit of or tendered in payment of the obligation of any of the other officers or persons, or otherwise: W. T. Piper, Jr., President; H. Piper, Executive Vice President; Charles W. Pool, Senior Vice President; John R. Leeson, Treasurer; and Jack J. Cattoni, Controller. Except that in the case of the Indian River Citrus Bank payroll account, M. L. Blume and James L. McCoy are also authorized as set out in the preceding sentence and in the case of such account only one signature shall be required.

FURTHER RESOLVED, that any two of the following officers of this Corporation to wit: W. T. Piper, Jr., President; H. Piper, Executive Vice President; Charles W. Pool, Senior Vice President; John R. Leeson, Treasurer and Jack J. Cattoni, Controller are hereby authorized on behalf of this Corporation to borrow money and obtain credit from these banks, or to discount with or to guarantee to the banks the obligations of others, and for such purpose to execute, or endorse, and deliver the note or other obligation of this Corporation, or of others, therefor, and in connection therewith the banks shall have no duty to inquire as to the circumstances of the issue or the disposition of the proceeds of any such instruments, whether the same be payable to the order of or in favor of any of its officers or other person or otherwise, and whether the same be deposited to the individual credit of or tendered in payment of the obligation of any of its officers or other person, or otherwise; and to mortgage and pledge any of the accounts, bonds, stocks, receivables, or other assets of this Corporation, including real estate, for the purpose of securing the repayment of monies so borrowed or obligations discounted or guaranteed, and for such purpose to execute and deliver any bond, mortgage, power or other instrument required by the banks.

FURTHER RESOLVED, that the above authorizations shall continue and remain in force and effect until notice of their revocation by Resolution of this Board has been given in writing to these banks, and that this Corporation hereby guarantees to the banks as Depositories, the payment of all checks, drafts, notes,

acceptances or other evidences of indebtedness which may at any time be deposited without the endorsement of the Corporation appearing thereon, and, further, that the certification of these resolutions by an Officer of this Corporation shall bind it upon this guaranty, and, further, that the Secretary is hereby authorized and directed to certify to the banks, from time to time, the names of the officers authorized to sign on behalf of this Corporation.

Audit for Fiscal Year Ending September 30, 1969

The Chairman then reviewed with the Board the problems involved in the fact that the Board had not accepted the audited financial statements submitted in tenative draft form by its auditors, Arthur Young & Co. He stated that the lack of audited financial statements for the 1969 fiscal year could lead to problems with the lending banks of the Corporation as the Corporation's Bank Loan Agreement called for the submission of such statements to the banks and with the SEC because the Corporation had not filed its annual report on Form 10-K when due. The Chairman pointed out that it was possible the Corporation would be fined by the SEC $100 a day commencing on February 11, 1970 until the date of the filing of its Form 10-K with the SEC. He stated that one of the problems with the financials was the possibility of instituting a modification program for the PA-30 Airplane at some cost to the Corporation. Mr. Wallace stated that preliminary study and investigation indicated the possibility of the need for such a program. Mr. Piper expressed his view that no modification of the PA-30 was necessary. The Board agreed that it would be desirable to request the auditors to take appropriate action to bring their audit up to date and for management, at the same time, to determine the cost, nature and details of a modification program for PA-30's in the field. It was requested that the auditors report to the Board as soon as possible. In addition, management will explore with the auditors the establishment of a reserve on the Corporation books to cover the cost of such a program so as to be able to agree on the correct accounting treatment for the costs of any modification program, when and if one was approved by the Board.

Thereupon, upon resolution duly made, seconded, and carried by a vote of seven for and one (Mr. Piper) against, it was

RESOLVED, that this Corporation immediately institute steps to put into effect an effective field modification program for the PA-30.

Claim of Possible Insider Profits

Mr. Gordon read a letter which he had written to all Directors concerning the possibility of certain insiders of the Corporation having made profits which were recoverable by the Corporation on the sale and purchase of the Corporation's stock within a six-month

period. (This letter is filed with the Minutes of this meeting.) Mr. Piper agreed that the Board should look into this matter and suggested that a report be made by counsel for the Corporation to the Board on the claims raised by Mr. Gordon. Mr. Gordon suggested that such counsel should not be the regular counsel of the Corporation and it was agreed that an independent counsel be retained to report directly to the Board.

Bill for Proxy Solicitation

Mr. Gordon stated that in financial material furnished to the Directors there was an indication that the Corporation had been billed $58,000 by D. F. King for Proxy solicitation. He stated that he felt that this amount was excessive and requested a report on it. It was agreed that the matter would be discussed further at this next Board meeting.

Adjournment

There being no further business to come before the meeting the same, upon motion, was duly adjourned at 4:30 P.M.

Secretary

Exhibit to Piper Minutes of March 2, 1970

C. LEONARD GORDON
600 MADISON AVENUE
NEW YORK, NEW YORK 10022

1328

January 15, 1970

To the Directors
Piper Aircraft Corporation

According to reports filed with the Securities and Exchange Commission, the Piper family, directly and through wholly-owned companies, purchased over 121,000 shares of Piper stock since January, 1969. These shares were sold to Bangor Punta Corporation pursuant to an agreement made within six months of their purchase. This letter is to inform you that at the next meeting of the Board of Directors, Messrs. Rochlis, Barnett and I will move that the corporation take all necessary steps to require the Piper family to return to the company the difference between the purchase price and sale price (including any deferred portion) of such shares.

Very truly yours,

C. Leonard Gordon

Board of Directors
Meeting No. 3

PIPER AIRCRAFT CORPORATION

SPECIAL MEETING

of the

BOARD OF DIRECTORS

Greenwich, Connecticut
April 20, 1970

Pursuant to due notice a Special Meeting of the Board of Directors of Piper Aircraft Corporation was held at the first floor of One Greenwich Plaza, Greenwich, Connecticut, commencing at 10:30 A.M. on April 20, 1970. There were present:

C. Leonard Gordon
W. T. Piper, Jr.
Dudley C. Phillips
James J. Rochlis
Nicolas M. Salgo
David W. Wallace

Unable to attend were Mr. Lawrence R. Barnett and Mr. W. Gordon Robertson, Directors. Also present was Mr. John J. Martin, Secretary of the Corporation.

Mr. Nicolas M. Salgo presided at the meeting, and Mr. John J. Martin kept the minutes.

Borrowing of Money by Officers

The Chairman distributed a letter from Mr. Charles Pool, Senior Vice President of the Corporation to Mr. John J. Martin reporting on (i) the borrowing of money by the corporation without prior board approval, (ii) the accounting treatment for customers deposits and (iii) an increase of $230,000 under Building, on the balance sheet of the Corporation, between February, 1969, and February, 1970. The Chairman also distributed for the information of the directors copies of the Corporation's Procedure Instruction #12-1 entitled "Corporate Planning and Control-Capital Expenditures." These documents were marked Exhibit A and A-1 respectively, and ordered filed with the minutes of the meeting.

A discussion of the amount which should be authorized for borrowing without Board approval then took place. It was agreed that a limitation of $1,000,000 for such borrowing would be appropriate. Thereupon, upon motion duly made, seconded, and unanimously passed it was:

> RESOLVED, that any two of the following officers of this Corporation to wit: W. T. Piper, Jr., President; H. Piper, Executive Vice President; Charles W. Pool, Senior Vice President; John R. Leeson, Treasurer and Jack J. Cattoni, Controller are hereby authorized on behalf of this Corporation to borrow money and obtain credit from the Depository banks of the Corporation, or to discount with or to guarantee to such banks the obligations of others (provided, however, that in no event shall the aggregate amount involved in all such transactions exceed $1,000,000 in any one calendar month without the prior approval of the Board of Directors of the Corporation), and for such purpose to execute, or endorse, and deliver the note or other obligation of this Corporation, or of others, therefor, and in connection therewith such banks shall have no duty to inquire as to the circumstances of the issue or the disposition of the proceeds of any such instruments, whether the same be payable to the order of or in favor of any of its officers or other person or otherwise, and whether the same be deposited to the individual credit of or tendered in payment of the obligation of any of its officers or other person, or otherwise; and to mortgage and pledge any of the accounts, bonds, stocks, receivables, or other assets of this Corporation, including real estate, for the purpose of securing the repayment of monies so borrowed or obligations discounted or guaranteed, and for such purpose to execute and deliver any bond, mortgage, power or other instrument required by such banks.

PA-30 Modification

Mr. Piper then distributed to the Directors material concerning the Corporation's programs involving the PA-30 aircraft. This material, which was given exhibit numbers and ordered filed with the minutes of the meeting consisted of (i) a description of a proposed PA-30 education program (Exhibit B) (ii) material pertaining to the Corporation's Service Bulletin No. 310, consisting of Service Bulletin 310, a description of KIT 760 408 (Airspeed markings and revised placard), a description of KIT 760 373 (stall warning horn), the estimated cost of KIT 760 373, revised pages of the PA-30 aircraft flight manual, the Piper Twin Commanche "B" owners handbook, and a proposed "Operating Practices Recommended by the Manufacturer" Placard for the PA-30 (Exhibit C) (iii) material concerning a proposed three part modification of the PA-30, consisting of a letter from Walter C. Jamouneau, Vice

President of the Corporation, a draft of a proposed Service Letter relating to such modification, a draft of a description of KIT 760 409 (flow strip, rudder trim tab and stabilator travel limit) and a draft of the estimated cost of KIT 760 409 (Exhibit D), (iv) a letter from Mr. Eugene L. Stickley, Vice President - Plans and Programs of the Corporation concerning the anticipated costs of the proposed PA-30 stall warning horn kit and of the three part modification (Exhibit E) and (v) material pertaining to the availability of counter-rotating engines to PA-30 owners consisting of a letter to such owners and a Service Letter describing the counter-rotating engine kit (Exhibit F).

Mr. Piper then explained that it was expected that starting in June, 1970, the education program described in exhibit B would be sent to all PA-30 owners and to all Piper flight centers, dealers and distributors on a monthly basis. He stated that the stall warning horn and placard would be distributed commencing with final FAA approval of the placard and pointed out that such placard might still be revised to conform to FAA recommendations. The counter rotating engine material (Exhibit F) would also be distributed very shortly, he stated, and he recommended that this kit be made available to PA-30 owners on a cost basis. Mr. Piper stated that work was going forward on testing of the proposed three part modification to the PA-30 and that as soon as possible the FAA would be asked to fly a plane containing this modification; he stated that management felt that this modification would be acceptable to the FAA and that it would enable the PA-30 to meet the criteria of C.A.R. 3.120 by the use of average pilot technique for this regulation was acceptable to the FAA and that the need for employing such technique does not, in his opinion, imply that average pilots would have problems flying the PA-30. Mr. Gordon stated that Mr. Steiglitz, who had been retained by himself, Mr. Barnett and Mr. Rochlis to report on the PA-30, had not seen any test data on the proposed three part modification. He stated further that he would like to have this data made available to Mr. Steiglitz. Mr. Wallace suggested that a modified PA-30 be flown by Mr. Steiglitz or his designee and that arrangements should be made to have Mr. Gordon's request carried out. It was agreed that this would be done. Mr. Phillips stated that it seemed that the recommendation in the report discussed at the Board Meeting of April 13, 1970 to the effect that PA-30 pilots be advised of the stall characteristics of the aircraft and the proper spin recovery technique were covered by the handbook and manual already in the possession of PA-30 pilots and owners and that this was further employed by the programs outlined in the material furnished to the Board by Mr. Piper and to a great degree such recommendations had been met or would be met in the near future.

The Chairman then stated that in view of the information furnished by the management the Board should, subject to FAA approval, authorize the management to offer the three part modification of the PA-30 to all owners of the PA-30 at the corporation's cost and the inclusion of a $250,000 reserve to

cover the cost of this program, including such modification, in the corporation's 1969 financial reports. Mr. Gordon stated that he believed, based on his present knowledge, that a $5,800,000 reserve should be set up in the 1969 financial report and that this would include provision for the items recommended by the Chairman as well as the offering of the counter rotating engine kit to PA-30 owners at the Corporation's cost. Mr. Piper stated that he felt that the board should consider the $250,000 program without the setting up of a reserve.

At this point, Mr. Donald Fennelly of Arthur Young & Co. was called on the telephone by the Board. He reported that as far as he knew the updating of the Corporation's 1969 audit was proceeding without problems but that he would check to be certain of this. Mr. Fennelly was advised of the possibilities being considered by the Board and replied that no reserve, or a $250,000 reserve for fiscal 1969 would present no great problems to Arthur Young & Co. A $5,800,000 reserve he stated would have to be examined by his firm to be sure that proper accounting practice called for its inclusion in 1969's figures.

It was agreed that the Board would, for the present, defer action on the question of a reserve, but that meanwhile, management would to the extent possible proceed with the PA-30 programs submitted to the Board.

ADJOURNMENT

There being no further business to come before the meeting, the same, upon motion, was duly adjourned at 2:00 P.M.

John J. Martin
Secretary

PIPER AIRCRAFT CORPORATION

SPECIAL MEETING

of the

BOARD OF DIRECTORS

New York, New York
April 24, 1970

Pursuant to due notice to all the Directors, a Special Meeting of the Board of Directors of Piper Aircraft Corporation was held at the Eleventh Floor of 405 Park Avenue, New York, New York, commencing at 9:30 A.M. on April 24, 1970. There were present:

W. T. Piper, Jr.
Dudley C. Phillips
W. Gordon Robertson
Nicolas M. Salgo
David W. Wallace

Not present at the meeting were Mr. Lawrence R. Barnett Mr. C. Leonard Gordon, and Mr. James J. Rochlis, Directors. Also present was Mr. John J. Martin, Secretary of the Corporation.

Mr. Nicolas M. Salgo presided at the meeting and Mr. John J. Martin kept the minutes.

Approval of Minutes

The Chairman distributed copies of the minutes of the previous meetings of the Board held on April 13, 1970, and April 20, 1970.

Thereupon, upon motion duly made, seconded, and unanimously passed, it was

RESOLVED, that the minutes of the meetings of the Board of April 13, 1970 and April 20, 1970 in the form submitted to this meeting be, and they hereby are, approved.

Discussion of Modification of PA-30 and Related Matters

Mr. Martin advised that he had, just prior to the start of the meeting, received a call from Mr. Liman, counsel for Messrs. Gordon, Rochlis, Barnett, and Chris-Craft Industries, Inc. advising that the aforementioned three gentlemen would not be attending the meeting and stating that Mr. Wallace had discussed the PA-30 modification with Mr. Gordon earlier in the week and that Mr. Wallace could make Mr. Gordon's views as expressed in such conversation known to the Board. Mr. Martin said that Mr. Liman was having a letter from Mr. Gordon to the Directors delivered to the meeting which replied to a previous letter from Mr. W. T. Piper, Jr. to Messrs. Gordon, Rochlis, and Barnett.

Mr. Wallace stated that he spoke to Mr. Gordon on April 12, 1970, to advise him and Messrs. Rochlis and Barnett of the meeting and at that time Mr. Gordon had expressed his view that he felt a modification to the PA-30 consisting of the "counter-rotating engine kit" and the 3 part modification be offered at the Corporation's cost to the PA-30 owners and that the other PA-30 programs discussed at the April 20, 1970 meeting of the Board go forward. Mr. Gordon further stated that he was not satisfied that he had enough information available to him to make a final decision, but based on what he now knows he believed that a $5,800,000 reserve for the costs involved should be established as of September 30, 1969.

Mr. Phillips then read a telegram from the Eastern Region of the FAA to the Corporation approving a revised "operating practices recommended by the manufacturer" placard for the PA-30. This telegram was ordered filed with the minutes of the meeting (Exhibit A).

The Chairman stated the management of the Corporation continued to believe that the three element modification to the PA-30 discussed at the last Board meeting (consisting of flow strips, rudder trim tab, and stabilator travel limit), and which was described in the material distributed at such meeting, improved the handling characteristics of the aircraft and that it should be made available at no cost to all PA-30 owners. He pointed out that the FAA had not as yet evaluated the modification to see if it complied with FAA regulations and that arrangements for such evaluation were being made. He stated that the other programs involving the PA-30 discussed at the last Board meeting were moving forward. These include the education program for PA-30 pilots, the revised operating practices recommended by the manufacturer placard, revised handbooks, and airplane manual, and the making available of a "PA-39" kit (including counter-rotating engines) for sale to PA-30 owners. He then recommended that the Board authorize, subject to FAA approval, the offering of the 3 part modification of the PA-30 to all PA-30 owners at no cost to such owners and, further, that the Board establish a reserve of $250,000 on the books of the Corporation as of September 30, 1969,

to cover the anticipated costs to the Corporation of such modification and of the other PA-30 programs being undertaken.

Thereupon, upon motion duly made and seconded, it was

RESOLVED, that subject to FAA approval, the proper officers of the Corporation be, and they hereby are, authorized to take all necessary steps to offer to the registered owners of PA-30 aircraft, at no cost to such owners, a modification to such aircraft consisting of flow strips, rudder trim tab and stabilator travel limit, all as described in material distributed to this Board on April 20, 1970, with such modifications as such officers may deem appropriate, and

RESOLVED, that there be, and it hereby is, established on the books of this Corporation a reserve, of $250,000 to cover the anticipated costs of the modification to the PA-30 and related programs, and that such reserve shall be established as of September 30, 1969, it being the judgment of the Board that such costs properly relate to the prior fiscal period.

At this point letters from Mr. Gordon to each of the Directors were received. It was agreed that a reply to such letter should be prepared and signed by the Directors present. This was done and Mr. Gordon's letter, and the Directors' reply (with an attachment) were ordered filed with the minutes of this meeting (Exhibit B and C respectively).

ADJOURNMENT

There being no further business to come before the meeting, the same, upon motion, was duly adjourned at 12:30 p.m.

John J. Martin
Secretary

PIPER AIRCRAFT CORPORATION

SPECIAL MEETING

of the

BOARD OF DIRECTORS

Greenwich, Connecticut
July 21, 1970

Pursuant to due notice, a special meeting of the Board of Directors of Piper Aircraft Corporation was held at the First Floor of One Greenwich Plaza, Greenwich, Connecticut, commencing at 10:00 a.m. on July 21, 1970. There were present:

Lawrence R. Barnett
C. Leonard Gordon
Dudley C. Phillips
W. Gordon Robertson
Nicolas M. Salgo
David W. Wallace

Unable to attend were Mr. W. T. Piper, Jr., and Mr. James J. Rochlis, Directors. Also present was Mr. John J. Martin, Secretary of the Corporation.

Mr. Nicolas M. Salgo presided at the meeting and Mr. John J. Martin kept the Minutes.

Discussion of Reduction of Inventory and Costs

The Board discussed in detail steps being taken to reduce inventory and cut overhead. Mr. Wallace reported to the Board that Management had decided to close all production facilities until inventory was reduced and sales improved. He pointed out that this closing coincided with the annual two-week vacation during which the Lock Haven plant was normally closed. The Board agreed with the decision of Management in so closing the manufacturing facilities of the Corporation and also agreed that steps should be taken to reduce overhead. The Board unanimously agreed that Management should present to it as soon as possible a detailed cost reduction program including, among other things, provisions for the reduction of fixed costs. In discussing costs, the Board agreed that an analysis should be made by Management of contributions to the Corporation's retirement plan and that pending further Board action no contributions should be made under such plan.

PIPER AIRCRAFT CORPORATION

SPECIAL MEETING

of the

BOARD OF DIRECTORS

Greenwich, Connecticut
July 21, 1970

Pursuant to due notice, a special meeting of the Board of Directors of Piper Aircraft Corporation was held at the First Floor of One Greenwich Plaza, Greenwich, Connecticut, commencing at 10:00 a.m. on July 21, 1970. There were present:

Lawrence R. Barnett
C. Leonard Gordon
Dudley C. Phillips
W. Gordon Robertson
Nicolas M. Salgo
David W. Wallace

Unable to attend were Mr. W. T. Piper, Jr., and Mr. James J. Rochlis, Directors. Also present was Mr. John J. Martin, Secretary of the Corporation.

Mr. Nicolas M. Salgo presided at the meeting and Mr. John J. Martin kept the Minutes.

Discussion of Reduction of Inventory and Costs

The Board discussed in detail steps being taken to reduce inventory and cut overhead. Mr. Wallace reported to the Board that Management had decided to close all production facilities until inventory was reduced and sales improved. He pointed out that this closing coincided with the annual two-week vacation during which the Lock Haven plant was normally closed. The Board agreed with the decision of Management in so closing the manufacturing facilities of the Corporation and also agreed that steps should be taken to reduce overhead. The Board unanimously agreed that Management should present to it as soon as possible a detailed cost reduction program including, among other things, provisions for the reduction of fixed costs. In discussing costs, the Board agreed that an analysis should be made by Management of contributions to the Corporation's retirement plan and that pending further Board action no contributions should be made under such plan.

In discussing financial results for the nine months ending June 30, 1970, a number of questions were raised and it was suggested that information be obtained on these questions for the Board. In discussing the accounts receivable of the Corporation the Board agreed that a quarterly report on the dating of such accounts receivable should be made available to it.

Mr. Martin was thereupon directed to have the financial results of the Corporation for the nine months ending June 30, 1970, released to the public.

Report on Discussions with AVCO Corporation

Mr. Andrew Stewart was invited into the meeting, and he reported to the Board on discussions concerning negotiations for financing of sales of PA-31P aircraft to distributors. The Board discussed possible alternative ways to arrange for such financing, and it was agreed that these would be explored. Pending the results of such alternative proposals it was agreed that no definitive arrangement should be entered into with AVCO along the lines discussed at the Board's previous meeting, but that negotiations should continue with such company.

Discussion of FAA Proposals
Re: Reporting by Manufacturers

Mr. Stewart reported to the Board on a proposed Federal Aviation Agency rule which would require aircraft manufacturers to report to that Agency concerning hazardous conditions. He stated that discussions were being held with the General Aircraft Manufacturers Association and others on such proposals and on what comments the Corporation should make to the FAA.

At this point Mr. Stewart left the meeting.

Report on Short-term Borrowing

Mr. Martin advised the Board that the Corporation had borrowed on a short-term basis $1 million during July bringing its total short-term borrowings up to $10 million. It was agreed that Management should report on plans to reduce such borrowings.

Report on Discussions with
Bellanca Aircraft Engineering, Inc.

Mr. Salgo reported to the Board on preliminary discussions held with the owners of Bellanca Aircraft Engineering, Inc. He stated that that company had developed new methodology for the construction of aircraft and he suggested that the Board authorize

further discussions with Bellanca and the entering into of an agreement giving the Corporation an option to acquire such company at some future date and setting forth in general terms the payment involved in the event such option was exercised.

Thereupon, after discussion and upon motion duly made and seconded, it was unanimously

> RESOLVED, that Nicolas M. Salgo, David W. Wallace, and Dudley C. Phillips, and each of them, be, and they hereby are, authorized to enter into an agreement on behalf of this Corporation with the owners of Bellanca Aircraft Engineering, Inc. giving this Corporation the right, at its option, to acquire Bellanca Aircraft Engineering, Inc. and containing such terms as such persons, or any of them, deem appropriate.

Report on Litigation

Mr. Martin reported to the Board in detail on the status of current tort litigation involving the PA-30 Twin Comanche and the Board discussed such matter.

Next Meeting of the Board

The next meeting of the Board of Directors will be held on August 3, 1970, commencing at 3:00 p.m.

Adjournment

There being no further business to come before the meeting, the same, upon motion duly made, was adjourned at 12:05 p.m.

John J. Martin
Secretary

PIPER AIRCRAFT CORPORATION

SPECIAL MEETING

of the

BOARD OF DIRECTORS

Greenwich, Connecticut
September 8, 1970

Pursuant to due notice, a special meeting of the Board of Directors of Piper Aircraft Corporation was held at the First Floor of One Greenwich Plaza, Greenwich, Connecticut, commencing at 3:00 p.m. on September 8, 1970. There were present:

C. Leonard Gordon
Dudley C. Phillips
William T. Piper, Jr.
W. Gordon Robertson
Nicolas M. Salgo
David W. Wallace

Unable to attend were Mr. Lawrence R. Barnett and Mr. James J. Rochlis. Also present was Mr. John J. Martin, Secretary of the Corporation.

Mr. Nicolas M. Salgo presided at the meeting and Mr. John J. Martin kept the Minutes.

Amendment of By-laws

Mr. Salgo stated that the first item of business would be proposed amendments to the By-laws increasing the number of Directors constituting the full Board and providing that the Chairman of the Executive Committee of the Board be an officer of the Corporation. Mr. Wallace stated that he would like to move that the By-laws be amended to increase the size of the Board to ten, but since the notice for the meeting had indicated that an increase of one director would be considered he would limit his motion at this time to an increase of one director if there was any objection as to the adequacy of the notice. Mr. Gordon stated that he was opposed to any increase in the

size of the Board and believed further that the Board should only consider an increase of one director. Mr. Wallace stated that in view of this he would limit his motion to increase the Board to nine members, but that he intended to move at the next regular meeting of the Board for a further increase so that the Board would consist of ten members. He further stated that it was his intention to nominate Mr. Howard Piper to the Board if an increase to ten was approved.

Therefore, after discussion and upon motion duly made, seconded, and carried by a vote of five in favor and one (Mr. Gordon) opposed, it was

RESOLVED, that Section 1 of Article IV of the By-laws of the Corporation be, and the same hereby is, amended to read as follows:

"1. Number, Term of Office, and Qualifications. The business and the affairs of the Corporation shall be managed by a Board of Directors, none of whom need be a resident of Pennsylvania nor a shareholder in the Corporation. The number of directors that shall constitute the full Board of Directors (subject to paragraph 6 of Article Sixth of the Articles of Incorporation as amended) shall be nine. Except as hereinafter provided in the case of vacancies, directors shall be elected by the shareholders and (subject also to paragraph 6 of Article Sixth of the Articles of Incorporation as amended) each director shall be elected to serve for the term of one year and until his successor shall be elected and shall qualify."

Mr. Salgo stated that it would be appropriate to amend the By-laws so as to include the Chairman of the Executive Committee as an officer of the Corporation.

Thereupon, after discussion and upon motion duly made, seconded, and carried by a vote of five in favor and one (Mr. Gordon) opposed, it was

RESOLVED, that Section 1 of Article V of the Corporation's By-laws would be amended to read as follows:

"1. Number. The officers of the Corporation shall be a Chairman of the Board of Directors, a Chairman of the Executive Committee, a President, one or more Senior Vice Presidents, two or more Vice Presidents of whom one shall be designated the Executive Vice President, a Secretary, a Treasurer, a Controller, and such other officers as may be appointed in accordance with the provisions of Section 3 of this Article V. The Chairman of the Board of Directors and the Chairman of the Executive Committee shall be chosen from among the Directors. Any two of the aforesaid offices, except those of President and Secretary, may be held by the same person."

and,

FURTHER RESOLVED, that Section 7 of Article V be amended to read as follows:

"7. The Chairman of the Board of Directors and President. The Chairman of the Board of Directors shall preside at all meetings of the Board of Directors and shall perform such other duties as are assigned to him by these By-laws or as from time to time may be assigned to him by the Board of Directors. The President shall be the chief executive officer of the Corporation; he shall preside at all meetings of the shareholders and, in the absence of the Chairman of the Board of Directors and the Chairman of the Executive Committee, at all meetings of the directors; he shall have full authority, subject to the directions of the Board of Directors, to manage, supervise and direct the business, affairs and property of the Corporation; and he shall see that all orders and resolutions of the Board of Directors and the Executive Committee are carried into effect. The President may sign certificates representing stock of the Corporation, the issuance of which shall have been authorized by the Board of Directors, and he shall perform such other duties as are assigned to him by these By-laws or as from time to time may be assigned to him by the Board of Directors."

and,

FURTHER RESOLVED, that the By-laws of the Corporation be amended to include a new Section 7(a) of Article V which shall read as follows:

"Section 7(a). The Chairman of the Executive Committee. The Chairman of the Executive Committee shall preside at all meetings of the Executive Committee and shall perform such duties as may from time to time be assigned by the Board of Directors, the Executive Committee, or the Chairman of the Board. In the absence of the Chairman of the Board, he shall preside at all meetings of the directors."

Election of Director

Mr. Salgo thereupon nominated Mr. Joseph Mergen to fill the vacancy created by the increase of the Board to nine directors.

Thereupon, after discussion and upon motion duly made,

seconded, and carried by a vote of five in favor and one (Mr. Gordon) opposed, it was

RESOLVED, that Joseph M. Mergen be, and he hereby is, elected a director of this Corporation effective as of September 8, 1970.

Election of Officer

Mr. Salgo reported that Mr. Piper had submitted his resignation as President of the Corporation. This resignation was ordered filed with the Minutes of the meeting. Mr. Salgo then nominated Mr. Joseph M. Mergen for the position of President.

Thereupon, after discussion and upon motion duly made, seconded, and carried by a vote of five in favor and one (Mr. Gordon) opposed, it was

RESOLVED, that the resignation of William T. Piper, President of the Corporation, be, and it hereby is, accepted effective immediately; and

RESOLVED, that Joseph M. Mergen be, and he hereby is, elected to the office of President of the Corporation at his present salary with such duties as may be prescribed, from time to time, by the Chairman of the Board or the Board of Directors.

At this point Mr. Mergen entered the meeting and was greeted by the directors.

Election of Chairman of the Board

Mr. Salgo stated that he had submitted his resignation as Chairman of the Board of the Corporation. This resignation was ordered filed with the Minutes of the meeting. Mr. Salgo recommended that Mr. Piper be elected Chairman of the Board of the Corporation.

Thereupon, after discussion and upon motion duly made, seconded, and carried by a vote of six in favor and one (Mr. Gordon) opposed, it was

RESOLVED, that the resignation of Nicolas M. Salgo as Chairman of the Board of Directors of the Corporation be, and it hereby is, accepted effective immediately; and

RESOLVED, that William T. Piper be, and he hereby is, elected to the office of Chairman of the Board of Directors at his present salary and with such duties as may be prescribed by the By-laws of the Corporation or as may be prescribed, from time to time, by the Board of Directors.

Appointment of Executive Committee

Mr. Salgo stated that in accordance with the authority granted to the Board of Directors by Article IV of the Corporation's By-laws he recommended that an Executive Committee of the Board of Directors be established.

Thereupon, after discussion and upon motion duly made, seconded, and carried by a vote of six in favor and one (Mr. Gordon) opposed, it was

RESOLVED, that the following members of the Board of Directors be, and they hereby are, delegated to constitute an Executive Committee of the Board:

C. Leonard Gordon
Joseph M. Mergen
William T. Piper, Jr.
David W. Wallace
Nicolas M. Salgo

and,

FURTHER RESOLVED, that Nicolas M. Salgo be, and he hereby is, designated Chairman of such Executive Committee; and

FURTHER RESOLVED, that the Executive Committee of the Board of Directors shall have and exercise, at all times that the Board of Directors of the Corporation is not meeting, all the authority of the Board of Directors of the Corporation in the management of the business of the Corporation.

Mr. Salgo pointed out to the members of the Board that the action taken in increasing the size of the Board and electing new officers would not be disclosed to the public until tomorrow, September 9, 1970, and requested the directors to hold such matters in confidence.

Discussion of Contribution to the Pension Plan

The Secretary distributed a letter from Mr. Pool containing information concerning the Pension Plan for salaried employees. A copy of this letter was ordered filed with the Minutes of the meeting.

Mr. Salgo stated that in view of all the circumstances, including the short time left before the Corporation would have to become committed for the current contribution to its Pension

Plan for salaried employees, the fact that such contribution, as explained by Mr. Pool, would not at this time involve a cash expenditure, he recommended that the Board approve the continuation of such Plan in its present form and the making of the necessary contributions for fiscal 1970. Mr. Salgo further suggested that a committee of three directors be appointed by the Board to investigate and evaluate the Corporation's Pension Plan and to report back to the Board as soon as possible with its conclusions. It was agreed that any such committee could utilize the facilities of the Corporation, but that any studies involving the expenditure of funds should be first approved by the Board.

Thereupon, after discussion and upon motion duly made, seconded, and carried by a vote of six in favor and one (Mr. Gordon) opposed, it was

RESOLVED, that this Corporation provide for its contribution to its Pension Plan for salaried employees for the fiscal year ending September 30, 1970, in accordance with the terms of such Plan as now in effect.

Mr. Salgo then moved that a committee as outlined by Mr. Salgo be appointed to study this plan.

Thereupon, upon motion duly made, seconded, and unanimously passed, it was

RESOLVED, that the following members of the Board be, and they hereby are, named to a committee to study this Corporation's Pension Plan for its salaried employees and to report back to the Board as soon as possible:

C. Leonard Gordon
William T. Piper, Jr.
Dudley C. Phillips

Corporation's Charitable Contributions for 1970

Mr. Salgo distributed to the Board a letter from Mr. Pool outlining proposed charitable contributions of the Corporation. It was pointed out that these contributions would be made to the Piper Foundation which in turn would distribute them to the donees. A copy of this letter was ordered filed with the Minutes.

In response to a question from Mr. Gordon, Mr. Piper advised that the scholarships mentioned in Mr. Pool's letter were awarded on the basis of performance and that a committee of outside educators made the awards.

Thereupon, upon motion duly made, seconded, and unanimously passed, it was

RESOLVED, that this Corporation contribute to the Piper Foundation in the amount and for the purposes outlined in Mr. Pool's letter of August 19, 1970, which is filed with the Minutes hereof; and

RESOLVED, that the Senior Vice President - Finance be, and he hereby is, authorized to pay the sums called for in the preceding resolution.

Sale of Aircraft in Venezuela

Mr. Piper reported on the possible sale of Pawnee agricultural planes in Venezuela through a person whose name had been furnished to the Corporation by Mr. Gordon. He stated that the Corporation's representative in Venezuela was actively working on this matter.

Stock Options

In response to a question from Mr. Gordon, Mr. Piper advised that no stock options had been issued by the Corporation during the current fiscal year.

Report on PA-30 Litigation

Mr. Martin reported to the Board in detail on the recent settlement of a tort litigation brought in Philadelphia against the Corporation and another defendant by certain persons injured in an accident involving a PA-30 Twin Comanche. He advised that a settlement had been reached during the trial to be paid in part by the Corporation and that the settlement was covered by insurance. In response to a question from Mr. Gordon, Mr. Piper advised that there was no question that the insurance premium of the Corporation would be affected by the loss experience of its insurance carrier and that, in fact, he believed that the cost of settlements for claims against the Corporation had exceeded the premium for every one of the previous eight years. Mr. Piper subsequently contacted the Secretary of the Corporation to state that his reply to Mr. Gordon's question should have been to the effect that in even out of the last eight years the premium paid by the orporation had been less than the aggregate of losses paid lus reserves established by the insurance carrier for ossible losses and in one of the last eight years the remium had exceeded losses paid plus reserves established

for losses. Mr. Piper requested that this clarification appear in the Minutes of the meeting.

Next Meeting

It was agreed that the next regular meeting of the Board would be held on Thursday, October 1, 1970, at One Greenwich Plaza, Greenwich, Connecticut, commencing at 2:00 p.m.

Adjournment

There being no further business to come before the meeting, the same, upon motion duly made, was adjourned at 4:30 p.m.

John J. Martin
Secretary

PIPER AIRCRAFT CORPORATION

SPECIAL MEETING

of the

BOARD OF DIRECTORS

Greenwich, Connecticut
October 15, 1970

Pursuant to due notice, a Special Meeting of the Board of Directors of Piper Aircraft Corporation was held at the first floor of One Greenwich Plaza, Greenwich, Connecticut, commencing at 2:45 P.M. on October 15, 1970.

The following Directors, constituting a quorum, were present:

Lawrence R. Barnett
C. Leonard Gordon
Joseph M. Mergen
Dudley C. Phillips
William T. Piper, Jr.
W. Gordon Robertson
Nicolas M. Salgo
David W. Wallace

Unable to attend the meeting was Mr. James J. Rochlis. Also present was Mr. John J. Martin, Secretary of the Corporation. Mr. William T. Piper, Jr., Chairman of the Board, presided at the meeting, and Mr. John J. Martin kept the minutes.

Approval of Minutes

The Chairman stated that copies of the minutes of the Regular Meeting of the Board held on August 24, 1970, and of the Special Meeting of the Board held on September 8, 1970, had been distributed to all of the Directors.

Thereupon, after discussion, and upon motion duly made, seconded, and unanimously passed, it was

RESOLVED, that the minutes of the Regular Meeting of the Board of Directors held on August 24, 1970 be, and they hereby are, approved; and

RESOLVED, that the minutes of the Special Meeting of the Board of Directors held on September 8, 1970 be, and they hereby are, approved.

Mr. Howard Piper and Mr. David L. Smith thereupon joined the meeting at the invitation of the Board.

Consideration of Proposed Transaction with Mr. August T. Bellanca

Mr. Phillips summarized in detail material concerning the proposed transaction with Mr. August T. Bellanca, which had previously been sent to the members of the Board. This material was ordered filed with the minutes of the meeting. Mr. Phillips pointed out that the proposed agreement, which was in a form acceptable to Mr. Bellanca, provided a period for the Corporation to evaluate the Bellanca methodology prior to committing itself to large cash expenditures. In addition, he stated that every effort had been made to be sure that the Corporation was not privy to confidential information of Bellanca, so that there could be no claim that Piper was prevented from undertaking projects similar to the Bellanca project on its own because it had access to such confidential material. He stated that Mr. Henry Borst, who had been recommended by the President of the Corporation, was conducting an investigation of the Bellanca technology and was expected to report to the Corporation very shortly. A summary of the proposed transaction was distributed and ordered filed with the minutes of the meeting. Messrs. Howard Piper, Mergen, and Smith reported to the Board on their recent trip to Bellanca's facility on Long Island. The Board discussed in detail the proposed transaction and explored alternatives, including the possibility of the Corporation manufacturing a fiberglass plane itself. Mr. Smith pointed out that the Corporation would be purchasing from Mr. Bellanca a large amount of engineering developmental work, molds for the making of the airplane and various other parts, and that this could provide a significant lead time to the Corporation in having a fiberglass plane available for marketing. Mr. Mergen advised that in the event that the Corporation undertook to build a fiberglass prototype, it would be necessary for either Mr. Bellanca's group to go to Lock Haven or for a group of engineers from the Corporation to go to Bellanca's facility on Long Island.

A discussion of the amount of money already spent by Mr. Bellanca and of the possibility of the Corporation developing a fiberglass plane itself led to agreement that Mr. Howard Piper prepare for comparative purposes development costs of other new projects undertaken by the Corporation. Mr. Gordon suggested that it would be helpful to have a return on investment analysis of the funds involved prepared.

The Board agreed that further consideration of the matter should be made and instructed Mr. Phillips to advise Mr. Bellanca that while the Corporation would not at the present time authorize the transaction, nevertheless, additional analysis of the project would be made by Mr. Borst, and, to the extent possible, by Piper people, and that Mr. Bellanca should be advised to maintain his relations with other prospective purchasers. The Board agreed that it would consider the matter further at its next meeting.

Proposed Transaction with
Cavalier Aircraft Corporation

Mr. Mergen summarized for the Board a proposed transaction involving Cavalier Aircraft Corporation, and a plan for the Corporation to manufacture a close support aircraft called the Enforcer, for sale to the Government and others, all as described in material previously distributed to the Board (which material was ordered filed with the minutes of the meeting.) Mr. Gordon stated his view that it appeared that proposed expenditures would not result in the distributors of the Corporation receiving a new aircraft to sell, and that he felt that the sums involved could possibly be better utilized in expanding the Corporation's product lines. Mr. William T. Piper, Jr., pointed out that this was not necessarily so, and that it was very possible that the aircraft could be sold by the Corporation's foreign distributors in the overseas market.

Mr. Mergen stated that Mr. Lindsay of Cavalier Aircraft Corporation had advised him that he wished to make certain revisions in the draft of the agreement that was distributed to the Board, and that he believed these revisions had to do with the payments to be made to Cavalier. Mr. Gordon expressed his belief that the transaction was not a wise one for the Corporation to enter into at the present time and his feeling that the initial payment was too large.

Mr. Mergen pointed out that the initial payment would involve the purchase by the Corporation of a flying prototype and the acquisition of a second prototype, which

could be completed in short order plus patents, and that it was entirely possible that even if a contract from the government was not obtained, that the two prototypes could be sold by the Corporation at a profit.

Mr. Mergen stated that it was proposed to assemble the Enforcers at the Corporation's facility at Lakeland, using parts manufactured at Vero Beach and purchased engines. The Lakeland facility was not presently being utilized, he pointed out. He stated further that prior to any significant commitment of capital, the Corporation would know if it had contracts for the planes.

After discussion, it was moved, seconded, and by a vote of six in favor and two (Messrs. Gordon and Barnett) opposed,

RESOLVED, that it is in the best interests of this Corporation to purchase in its own name all of the business, property, and assets of Cavalier Aircraft Corporation ("Cavalier"), pertaining to the Enforcer close support aircraft, modified for close air support, substantially under the terms and conditions set forth in the proposed agreement submitted to this meeting ("Proposed Agreement"); and

RESOLVED, that the proper officers of this Corporation (anyone acting alone) be, and they hereby are, authorized to consummate the transactions provided for in the Proposed Agreement, and to enter into a final agreement containing such amendments, modifications, and supplements to the Proposed Agreement as they in their sole discretion, with the advice of counsel, may determine; (provided, however, that such amendments are not, in their opinion, materially adverse to the Corporation; and

RESOLVED, that the fair value of this Corporation in monetary terms of Cavalier's business, property, and assets, is hereby determined to be not less than the consideration provided for by the Proposed Agreement; a

RESOLVED, that for accounting purposes, the Chief Financial Officer of this Corporation be, and he hereby is, directed to treat

the acquisition of Cavalier's business, property, and assets as a purchase, and upon consummation of the transaction to take such action and to make such entries in the books of this Corporation as may be appropriate under generally accepted accounting principles.

Report on Operations

Mr. Mergen reported to the Board in detail on the recent operations of the Corporation. He stated that while it was difficult to be certain, it did seem probable that, based on preliminary figures, the Corporation would have a slight loss for fiscal 1970. He advised that the short-term borrowing of the Corporation has been reduced significantly, and that the shutdown of the manufacturing facilities had cut inventory to a point where production, inventory, and sales were better balanced than earlier in the fiscal year. Mr. Mergen reported that preparations were well along for the manufacture of the Turbo-Prop Navajo but that the actual manufacture of such aircraft was being held up pending a market evaluation. He stated that preliminary sales forecasts for fiscal 1971 were in the neighborhood of $70,000,000, and that he believed that there could be a profit after taxes on such level of sales, especially in view of the major effort which had been made and which was still going on, to reduce costs.

Dealer Financing

Mr. Pool discussed with the Board a proposed financing arrangement with Ford Motor Credit Company. Material describing this plan, including a proposed letter of intent, and comparing it with a proposed financing arrangement with Walter Heller and Company was distributed, discussed, and ordered filed with the minutes of the meeting.

Mr. Salgo stated that he believed that it would be prudent to arrange for both methods of financing as there might be situations where the use of one method instead of the other would be to the Corporation's advantage. It was agreed by the Board, with Messrs. Gordon and Barnett opposing, that an attempt should be made to have available both methods of financing.

Thereupon, after further discussion, and upon motion duly made, seconded, and unanimously passed, it was

1352 RESOLVED, that it is in the best interest of this Corporation to enter into an arrangement with Ford Motor Credit Company, providing for the sale of Sales Contracts of the Corporation's distributors and dealers, substantially on the terms described in material distributed at this meeting and ordered filed with the minutes hereof; and

RESOLVED, that the proper Officers of the Corporation be, and they hereby are, authorized to execute the Letter of Intent distributed at the meeting, and any other documents necessary to carry out the intent of the foregoing resolution.

Election of Officer

The Chairman stated that he recommended that a new position, that of Senior Vice President-Sales and Marketing, be established, and that Thomas Gillispie be elected to such position.

Thereupon, after discussion, and upon motion duly made, seconded, and unanimously carried, it was

RESOLVED, that Mr. Thomas Gillispie be, and he hereby is, elected to the office of Senior Vice President-Sales and Marketing of the Corporation, at an annual salary of $38,000, and with such duties as may be prescribed by the By-Laws of the Corporation, or as may be from time to time prescribed by the Board of Directors, the Chairman of the Board of Directors, the Chairman of the Executive Committee, or the President of the Corporation; and

RESOLVED, that this Corporation agree to pay Mr. Gillispie a termination allowance as follows in the event his employment is terminated other than by his own voluntary action or for cause; (i) in the event such employment is so terminated within one year after commencing to work for the Corporation,

one year's salary shall be paid as a termination allowance (ii) in the event that such employment is so terminated one year after commencing to work for the Corporation, but within two years, nine months' salary shall be paid as a termination allowance, and (iii) in the event that such employment is so terminated more than two years after commencing to work for the Corporation, but before three years, six months' salary shall be paid as a termination allowance; and

RESOLVED, that this Corporation lend or cause to be lent to Mr. Gillispie the sum of $10,000 interest free to be used for the purchase of a house in the vicinity of Lock Haven, Pennsylvania; such sum to be repayable three years from the date of such loan.

Amendment of By-Laws and Election of a Director

The Chairman stated that he recommended that the By-Laws be amended to increase the size of the Board of Directors by one and that he further recommended that Mr. Howard Piper be elected a Director to fulfill the vacancy so created.

Thereupon, after discussion, and upon motion duly made, seconded, and carried by a vote of six in favor and two (Messrs. Gordon and Barnett opposed), it was

RESOLVED, that Section 1 of Article IV of the By-Laws of the Corporation be, and the same hereby is, amended to read as follows:

"1. Number, Term of Office and Qualifications. The business and the affairs of the Corporation shall be managed by a Board of Directors, none of whom need be a resident of Pennsylvania nor a shareholder in the Corporation. The number of Directors that shall constitute the full Board of Directors (subject to Paragraph 6 of Article Sixth of the Articles of Incorporation as amended) shall be ten. Except as hereinafter provided in the case of vacancies, Directors shall be elected by the shareholders and (subject also to

Paragraph 6 of Article Sixth of the Articles of Incorporation as amended) each Director shall be elected to serve for a term of one year and until his successor shall be elected and shall qualify," and

RESOLVED, that Howard Piper be, and hereby is, elected Director of this Corporation effective as of October 15, 1970.

Annual Meeting of Shareholders

The Chairman stated that the Annual Meeting of Shareholders of the Corporation should be held sometime during calendar 1970. He stated further that Mr. C. Leonard Gordon, acting on behalf of Chris-Craft Industries, Inc., had requested that a date for the shareholders' meeting be fixed. He stated further that any shareholder meeting will require certain filings with the SEC, and, in addition, stockholders would have to be sent the Corporation's annual report prior to the meeting. It was now expected that the Corporation's year-end audited financial figures, which would go into such report, will be ready early in November, and that a Board meeting would be held shortly thereafter, he advised. The Chairman stated that since the Corporation's By-Laws provide that the date of the annual meeting be at least sixty days after the date of the Board action fixing such time, it would be appropriate at this meeting to designate the date and record date of such meeting.

Thereupon, after discussion, and upon motion duly made, seconded, and unanimously carried, it was

RESOLVED, that the 1970 Annual Meeting of Shareholders of this Corporation be held on Thursday, December 22, 1970; and further

RESOLVED, that the close of business on November 20, 1970 be fixed as the record date for the determination of shareholders entitled to notice of, and to vote at, the Annual Meeting of Shareholders, including any adjournment thereof to be held on December 22, 1970.

The Chairman stated that it would be appropriate to nominate a slate of Directors for such Annual Meeting, to appoint persons to vote the proxies received by Management, and to authorize the preparation and filing of proxy material.

Thereupon, upon motion duly made, seconded, and carried by a vote of five in favor and two (Messrs. Gordon and Barnett against), it was

RESOLVED, that there be prepared with the advice of counsel forms of notice of Annual Meeting of Shareholders and proxy statement, and of proxies for use at such meeting, and that preliminary copies thereof be filed with the Securities and Exchange Commission in accordance with its proxy rules; and further,

RESOLVED, that the Secretary cause to be mailed to all shareholders entitled to notice of the Annual Meeting of Shareholders of record on the record date for determination of such shareholders, a notice of such meeting, proxy statement and form of proxy, all in the form so prepared or with such changes as counsel may approve after submission of preliminary copies thereof to the Securities and Exchange Commission; and further

RESOLVED, that W. T. Piper, Jr., and Joseph M. Mergen be, and they hereby are, appointed a proxy committee on behalf of the Management, and they be named as the proxies to act on behalf of Common shareholders in the form of proxy to be solicited by the Management for the Annual Meeting of Shareholders (including any adjournment thereof to be held December 22, 1970 with power of substitution, and with authority to a majority (or, if only one, then that one) of such proxies or their substitutes who shall act at such meeting to exercise all powers thereby conferred, and that at such meeting the nominees of the Management for election to the Board of Directors of the Corporation be Lawrence R. Barnett, C. Leonard Gordon, Joseph M. Mergen, Dudley C. Phillips, William T. Piper, Jr., Howard Piper, W. Gordon Robertson, James J. Rochlis, Nicolas M. Salgo, and David W. Wallace; or if any of the foregoing nominees shall not be a candidate for any reason when the election occurs, then for such substitution for such nominee as shall be determined by the proxies that shall be acting pursuant to the Management proxies.

Selection of Auditors

The Chairman proposed that Arthur Young and Company be selected auditors of the Corporation subject to shareholder approval.

Thereupon, upon motion made, seconded, and adopted by a vote of six in favor and two (Messrs. Gordon and Barnett) opposed, it was

> RESOLVED, that Arthur Young and Company be, and they hereby are, appointed auditors of the Corporation for the fiscal year ending September 30, 1971, subject to the approval of the Common Shareholders of the Corporation.

Report on an Aircraft Accident

Mr. Mergen, in response to a question from Mr. Gordon, reported to the Board on a recent fatal crash involving a PA-30. He stated that the information available to the Corporation was that the crash had resulted from inexperienced operation of the aircraft.

Next Meeting

It was agreed that the next meeting of the Board would be held on Tuesday, November 11, 1970, commencing at 1:00 P.M.

Adjournment

There being no further business to come before the Board, the meeting was adjourned at 5:00 P.M.

John J. Martin
Secretary

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DEFENDANTS' Ex. BR

PIPER AIRCRAFT CORPORATION

REGULAR MEETING

of the

BOARD OF DIRECTORS

Greenwich, Connecticut
November 11, 1970

A Regular Meeting of the Board of Directors of Piper Aircraft Corporation was held at the first floor of One Greenwich Plaza, Greenwich, Connecticut, commencing at 3:15 P.M. on November 11, 1970.

The following Directors, constituting a quorum, were present:

Lawrence R. Barnett
C. Leonard Gordon
Joseph M. Mergen
Dudley C. Phillips
Howard Piper
William T. Piper, Jr.
W. Gordon Robertson
James J. Rochlis
David W. Wallace

Unable to attend the meeting was Mr. Nicolas M. Salgo.

Also present was Mr. John J. Martin, Secretary of the Corporation.

Mr. William T. Piper, Jr., Chairman of the Board, presided at the meeting, and Mr. John J. Martin kept the minutes.

Proposed Transaction with Mr. August T. Bellanca

At the request of the Chairman, Mr. Howard Piper reported to the Board on developments concerning the proposed Bellanca transaction discussed at the Board meeting of October 15, 1970. He advised that an investigation by the Corporation and by Mr. Borst, the expert retained by the Corporation in this matter, had revealed that the Bellanca methodology did not have a potential that would justify the proposed commitment by the Corporation. The Board agreed that the representatives of this Corporation had been correct in advising Mr. Bellanca that the Corporation would not enter into the proposed transaction with him.

Report on Cavalier Aircraft Corporation

Mr. Mergen reported to the Board on developments concerning the proposed transaction with Cavalier Aircraft Corporation. He advised that an agreement with Cavalier had been executed on October 29, 1970, calling for a payment to Cavalier of $200,000 and the delivery by Cavalier to the Corporation of certain prototypes of the Enforcer aircraft, parts and technical data to be used by the Corporation to convert the prototypes from Rolls Royce to Lycoming turbine engines. He stated further that this arrangement was a temporary one pending negotiation of a definitive agreement, and that if no such agreement was worked out by November 20, 1970 (or other mutually agreeable date), then the temporary arrangement would be reversed. Mr. Mergen reported that a definitive agreement with Cavalier would be presented to the Board in the near future.

Report on Operations

At the request of the Chairman, Mr. Mergen reported to the Board on recent operations of the Corporation. He stated that the morale of the employees in the Corporation's manufacturing facilities since their reopening in October was good, and that it had been noted that efficiency had improved from prior periods.

1970 Financial Results

At the request of the Board, Mr. Pool joined the meeting to answer questions concerning the Corporation's preliminary 1970 financial statements which had been distributed prior to the meeting and which were ordered filed with the minutes hereof.

The Board discussed these statements in detail. It was agreed that Mr. Gordon should have the opportunity to discuss with the Corporation's auditors, Arthur Young & Company, such financial statements, and after further discussion, upon motion duly made, seconded, and carried by a vote of six for, none opposed, and three (Messrs. Gordon, Barnett, and Rochlis) abstaining, it was

RESOLVED, that the financial statements of the Corporation as distributed at this meeting and filed with the minutes hereof, be, and they hereby are, approved, subject to such changes in the footnotes accompanying such minutes as may be agreed to by Mr. Dudley C. Phillips, a Director of this Corporation.

Discussion of Annual Meeting of Shareholders

The Chairman stated that because of problems involved in preparing proxy material and the Corporation's annual report to its shareholders, it would be best to postpone the date of holding the Corporation's annual meeting and the record date for such meeting from the presently scheduled dates of December 22, 1970 and November 20, 1970 respectively. It was suggested that the meeting be held at the Corporation's plant in Vero Beach, Florida. Thereupon, after discussion and upon motion duly made, seconded, and unanimously carried, it was

RESOLVED, that the 1970 Annual Meeting of Shareholders of this Corporation be held on Monday, January 4, 1971, at the Corporation's office at Vero Beach, Florida, and

FURTHER RESOLVED, that the close of business on November 27, 1970 be fixed as the record date for the determination of shareholders entitled to notice of, and to vote at, such Annual Meeting, including any adjournment thereof, to be held on January 4, 1971.

The Board then discussed the possible Management nominees for the office of director at such Annual Meeting and the number of such directors which should constitute the full board.

Thereupon, upon motion duly made, seconded, and carried by a vote of six for and three (Messrs. Mergen,

Howard Piper, and William Piper) against, it was

> RESOLVED, that at the Annual Meeting of Shareholders of the Corporation, the nominees of the Management for election to the Board of the Corporation be: Lawrence R. Barnett, C. Leonard Gordon, John J. Martin, Dudley C. Phillips, James J. Rochlis, W. Gordon Robertson, Nicolas M. Salgo, Herbert J. Siegel, and David W. Wallace, or if any of the foregoing nominees shall not be a candidate for any reason at the time that such election occurs, then for such substitute such nominee as shall be determined by C. Leonard Gordon and Dudley C. Phillips.

The Chairman stated that as there were nine persons nominated for the Board, it would be appropriate to amend, subject to shareholders' approval, the Corporation's By-Laws to fix the size of the Board at nine instead of the present ten. In addition, he stated that it would be appropriate to amend the Corporation's By-Laws, effective January 4, 1971 to clearly provide that the President need not be a Director.

Thereupon, after discussion, and upon motion duly made, seconded, and adopted by a vote of six for and three (Messrs. Mergen, Howard Piper and William Piper) against, it was

> RESOLVED, that the first paragraph of Article IV of the By-Laws of the Corporation be amended subject to shareholder approval to read as follows:
>
> "1. The business and the affairs of the Corporation shall be managed by a Board of Directors, none of whom need be a resident of Pennsylvania, nor a shareholder in the Corporation. The number of directors that shall constitute a full Board of Directors (subject to Paragraph 6 of Article 6th of the Articles of Incorporation as amended) shall be nine. Except as hereinafter provided in the case of vacancy, directors shall be elected by the shareholders and (subject also to Paragraph 6 of Article 6th of the Articles of Incorporation as amended). Each Director shall be elected to serve for the term of one year and until his successor shall be elected and shall qualify." and

RESOLVED, that the proper Officers of the Corporation be, and they hereby are, authorized to submit the above Resolution to the shareholders at their meeting, which will be held on January 4, 1971, and

RESOLVED, that effective January 4, 1971, the 7th Paragraph of Article V of the By-Laws of the Corporation be amended to read as follows:

"7. The Chairman of the Board of Directors and the President. The Chairman of the Board of Directors shall preside at all meetings of the Board of Directors and shall perform such other duties as are assigned to him by these By-Laws or as from time to time may be assigned to him by the Board of Directors. The President shall be the chief executive officer of the Corporation; he shall preside at all meetings of the shareholders and of the Executive Committee; he shall have full authority, subject to the directions of the Board of Directors, to manage, supervise, and direct the business, affairs, and property of the Corporation; and he shall see that all orders and resolutions of the Board of Directors and of the Executive Committee are carried into effect. The President may sign certificates representing stock of the Corporation, the issuance of which shall have been authorized by the Board of Directors, and he shall perform such other duties as are assigned to him by these By-Laws or as from time to time may be assigned to him by the Board of Directors."

Setting of Salary of Officers

Messrs. Mergen, Howard Piper, and William Piper excused themselves briefly from the meeting. Thereupon, the remaining Directors discussed the fixing of Mr. Mergen's salary as President of the Corporation. Messrs. Mergen, William Piper, and Howard Piper thereupon rejoined the meeting and after further discussion, and upon motion duly made, seconded, and (with Mr. Mergen abstaining) unanimously carried, it was

RESOLVED, that Mr. Joseph Mergen, the President and a Director of the Corporation, receive an annual salary of $55,000 commencing November 11, 1970.

Miscellaneous

Mr. Martin advised the Board that they should consider the financial statements distributed to them at the meeting as confidential, and that an appropriate public release of pertinent information from such financial statements would be made by the Corporation as soon as applicable.

Mr. Rochlis requested that Mr. Pool prepare and distribute to the Board as soon as possible a financial plan for the up-coming fiscal year of the Corporation.

Adjournment

It was agreed that the Regular Meeting of the Board of Directors scheduled for December 7, 1970 would not be held unless the Directors were advised by the Secretary of the Corporation that such meeting was necessary.

There being no further business to come before the meeting, the same was adjourned at 5:15 P.M.

John J. Martin
Secretary

PIPER AIRCRAFT CORPORATION

SPECIAL MEETING

of the

BOARD OF DIRECTORS

Greenwich, Connecticut
November 20, 1970

Pursuant to due notice, a special meeting of the Board of Directors of Piper Aircraft Corporation was held at the first floor at One Greenwich Plaza, Greenwich, Connecticut, commencing at 1 P.M. on November 20, 1970.

The following directors, constituting a quorum, were present:

Lawrence R. Barnett
C. Leonard Gordon
Joseph M. Mergen
Dudley C. Phillips
Howard Piper
William T. Piper, Jr.
W. Gordon Robertson
Nicolas M. Salgo
David W. Wallace

Unable to attend the meeting was Mr. James J. Rochlis.

Also present at the meeting was Mr. John J. Martin, Secretary.

Mr. William T. Piper, Jr., presided at the meeting, and Mr. John J. Martin kept the minutes.

Annual Meeting of Shareholders

The Chairman stated that further consideration should be given to matters relating to the Corporation's Annual Meeting

of Shareholders. Mr. Gordon stated that he had received a letter from Mr. Wallace suggesting, on behalf of Bangor Punta Corporation, that the size of the Board be fixed at ten and suggesting the names of persons to be nominees for directors to be elected at such meeting.

Mr. Gordon read a reply, on behalf of Chris-Craft Industries, Inc., to Mr. Wallace's letter, and such reply was ordered filed with the minutes of the meeting. Mr. Gordon's letter pointed out that the number of common shares of the Corporation owned by Chris-Craft entitled it to elect four directors of a ten member board, and that Chris-Craft intended to nominate and elect the greatest number of directors that its shareholding would entitle it to elect under cumulative voting.

Mr. Wallace requested that his letter to Mr. Gordon be filed with the minutes of the meeting. He suggested further that the Board consider nominating a slate of ten directors to be elected at the annual meeting, and that the date of such meeting be set at January 15, 1971.

The Chairman observed that if the size of the Board was set at ten, previous action of the Board authorizing the submission to the shareholders of the Corporation a proposal to fix the size of the Board at nine, and to amend the By-Laws of the Corporation to provide that the President would not preside at meetings of the Board in the absence of the Chairman of the Board should be rescinded.

Thereupon, after discussion, and upon motion duly made, seconded, and carried by a vote of six in favor, one (Mr. Howard Piper) against, and two (Messrs. Gordon and Barnett) abstaining, it was

> RESOLVED, that the resolutions heretofore made by this Corporation, providing for the appointment of a Proxy Committee as set forth in the minutes of the meeting of the Board of Directors of this Corporation on October 15, 1970, be, and they hereby are, rescinded, revoked, and canceled; and further
>
> RESOLVED, that William T. Piper, Jr., Joseph M. Mergen, and John J. Martin be, and they hereby are, appointed a proxy committee on behalf of the Management, and that they be named as proxies to act on behalf of Common shareholders in the form of proxy to be solicited by the Management for the Annual Meeting of Shareholders (including any adjournment thereof) to be held January 15, 1971, with power of substitution, and with authority to a majority (or, if only one, then that one) of such proxies or their

substitutes, who shall act at such meeting to exercise all powers thereby conferred, and that at such meeting the following named persons be the nominees of Management for election to the Board of Directors of the Corporation and, further, that proxies received by Management be voted cumulatively to elect such persons in the order that their names are set out in this resolution: William T. Piper, Jr., Joseph M. Mergen, Nicolas M. Salgo, David W. Wallace, Dudley C. Phillips, W. Gordon Robertson, Herbert J. Siegel, C. Leonard Gordon, James J. Rochlis, and Lawrence R. Barnett; or, if any of the foregoing nominees shall not be a candidate for any reason when the election occurs, then for such substitute for such nominee as shall be determined by the proxies that shall be acting pursuant to the Management Proxies; and

RESOLVED, that the resolutions heretofore made by this Corporation, on November 11, 1970 providing for the amendment of Paragraph 1 of Article IV and Paragraph 7 of Article V of the By-Laws of this Corporation be, and they hereby are, rescinded, revoked, and canceled; and

RESOLVED, that the Annual Meeting of this Corporation be held on January 15, 1971, at the Company's facilities at Vero Beach, Florida, commencing at 11 A.M., and that the record date of such meeting be, and it hereby is fixed at December 8, 1970.

Discussion of the Annual Report to Shareholders

The Chairman advised that Mr. Gordon had requested the opportunity to meet with the Company's auditors to review with them the 1970 financials of the Corporation, and to review work papers, confirmations, and other data relating to such financials. The Chairman stated further that Mr. Gordon had requested the opportunity to be accompanied at such time by Mr. Charles Johnson of Arthur Andersen and Company.

Mr. Wallace requested that Mr. Jonathan Lushing of Bangor Punta Corporation be permitted to attend any such meeting as an observer. After discussion it was agreed that Messrs. Gordon, Johnson, and Lushing be authorized to meet with the Corporation's auditors as requested by Mr. Gordon.

Next Meeting of the Board

It was agreed that the next scheduled regular meeting of the Board would not be held, and that the Board would hold its next regular meeting subsequent to the Shareholders' Meeting on January 15th.

Distribution of the Minutes

Mr. Martin distributed to the members of the Board copies of the minutes of the October 15th meeting.

Adjournment

There being no further business to come before the Board, the meeting was adjourned at 3:30 P.M.

John J. Martin
Secretary

PIPER AIRCRAFT CORPORATION

REGULAR MEETING

of the

BOARD OF DIRECTORS

Vero Beach, Florida
February 1, 1971

A Regular Meeting of the Board of Directors of Piper Aircraft Corporation was held at the Corporation's facilities at Vero Beach, Florida, commencing at 1:30 P.M.

The following members, constituting a quorum, were present:

Lawrence R. Barnett
Joseph M. Mergen
Dudley C. Phillips
William T. Piper, Jr.
W. Gordon Robertson
James J. Rochlis
Nicolas M. Salgo
David W. Wallace

Unable to attend the meeting were Messrs. C. Leonard Gordon and Herbert J. Siegel.

Also present at the invitation of the Board was Mr. John J. Martin, Secretary of the Corporation.

Mr. William T. Piper presided at the meeting and Mr. John J. Martin kept the minutes.

Approval of Minutes

The Chairman stated that minutes of the regular meeting of the Board held on November 11, 1970 and of special meetings held on November 20, 1970 and December 3, 1970 had been previously distributed to all the Directors.

Thereupon, upon motion duly made, seconded, and unanimously passed, it was

RESOLVED, that the minutes of the regular meeting of the Board held on November 11, 1970 and of the special meetings of the Board held on November 20, 1970 and December 3, 1970 be, and they hereby are, approved.

Executive Committee

The Chairman stated that it would be appropriate to name an Executive Committee of the Board.

Thereupon, after discussion and upon motion duly made, seconded and carried with six in favor, none opposed, and two (Messrs. Rochlis and Barnett) abstaining, it was

RESOLVED, that Messrs. Salgo, Wallace, Mergen, Piper, and Gordon be, and they hereby are, delegated to constitute an Executive Committee of the Board of Directors; and

FURTHER RESOLVED, that Nicolas M. Salgo be, and he hereby is, designated Chairman of such Committee; and

FURTHER RESOLVED, that the Executive Committee of the Board of Directors shall have and exercise at all times that the Board of Directors is not meeting, all the authority of the business of the Corporation.

Election of Officers

The Chairman stated that it would be appropriate to elect the Officers of the Corporation for the coming year.

Thereupon, upon motion duly made, seconded, and carried by a vote of six in favor, none opposed, and two (Messrs. Barnett and Rochlis) abstaining, it was

RESOLVED, that the following slate of Officers with duties prescribed by the By-Laws or as may be determined from time to time by the Board of Directors or by the President,bc, and they hereby are, elected to serve until their successors are duly elected and qualified:

WILLIAM T. PIPER, JR.
Chairman of the Board

NICOLAS M. SALGO
Chairman of the Executive Committee

JOSEPH M. MERGEN
President and Chief Executive Officer

HOWARD PIPER
Executive Vice President

CHARLES W. POOL
Senior Vice President-Finance and Administration

THOMAS GILLESPIE
Senior Vice President-Sales and Marketing

DUDLEY C. PHILLIPS
Vice President and General Counsel

WALTER C. JAMOUNEAU
Vice President-Lock Haven Engineering and Assistant Secretary

J. WILLARD MILLER
Vice President-Marketing and New Product Development

EUGENE L. STICKLEY
Vice President-Plans and Programs

JACK J. CATTONI
Controller

JOHN R. LEESON
Treasurer

JOHN J. MARTIN
Secretary

DAVID W. WALLACE
Assistant Vice President

HENRY W. EBELING
Assistant Controller

Setting of Schedules for
Regular Meetings of the Board

The Chairman stated that it would be appropriate to set a schedule of meetings for the forthcoming year.

Thereupon, after discussion and upon motion duly made, seconded and unanimously carried, it was

RESOLVED, that during 1971, regular meetings of the Board of Directors shall be held on the following dates: February 26, April 30, June 25, August 20, October 1, and December 3.

Discussion of the
Corporation's Retirement Plan

The Chairman distributed a report of the committee of the Board appointed to study the Corporation's Retirement Plan. He stated that this report, which was ordered filed with the minutes of the meeting, indicated that certain amendments to such plan should be made in order to conform to recently adopted Internal Revenue Service requirements. A summary of such changes and of a proposed amendment to the Plan, reflecting the changes and other matters, was distributed and ordered filed with the minutes of the meeting. The Chairman pointed out that included in the proposed amendment, in addition to the changes necessitated by Internal Revenue Service requirements, were provisions providing for participation in the Plan by employees after one year of service with the Corporation, instead of the five years service requirement presently in effect. He stated that this proposed change would increase the number of eligible employees by 113 at an additional estimated initial annual cost to the Corporation of approximately $130,000.

The Chairman stated further that a review of the actuarial assumptions used as a basis for funding the Plan was underway and he hoped to report to the Board on results of this review shortly.

At this point, Mr. Pool was asked to join the meeting. Mr. Pool discussed with the members of the Board the procedures followed in administering the Plan. Mr. Salgo suggested that possibly the Corporation's insurance broker could do this work, and it was agreed that this would be explored with the broker.

The Board discussed the proposal to lower eligibility requirements for participation to one year and the Chairman pointed out that the reason for such reduction was to provide incentive to employees to remain with the Corporation. It was agreed that younger employees would not give too much weight to retirement benefits while older ones would be influenced by the availability of such benefits. Mr. Salgo suggested that possibly a good solution would be to base eligibility for participation on an employee having five years of continuous service or reaching his fortieth birthday, whichever came first. It was agreed that a study would be made concerning the practicability and costs involved in such a procedure.

The Board discussed the group insurance offered to the Corporation's employees and agreed that an effort should be made to make such insurance available to all employees and to increase the amount offered. The Board requested that it be kept informed of progress on these matters.

The Board agreed that the amendments to conform to Internal Revenue Service regulations should be prepared and executed as soon as possible, and if the lowering of eligibility to employees reaching their fortieth birthday or fifth year of employment was feasible under IRS rules and if such a procedure would increase the annual costs of the Plan by less than $30,000, that provisions for such arrangements be included in the amendment.

Report on Enforcer Program

Mr. Mergen reported to the Board on developments concerning the Enforcer close-air support aircraft. He advised that preparations for evaluation by the Government of the two aircraft purchased by the Corporation was proceeding on schedule and that he was optimistic that the aircraft would be found satisfactory in such evaluation. Mr. Mergen also reported that there were other potential areas of aircraft sales to the Government. He stated that one of the reasons for there being a possibility of such sales was the Government's interest in buying military hardware "off-the-shelf" rather than being involved in the financing of the development of new models. He stated that he believed that the Corporation should seriously consider establishing a Washington office, and that such a move would put the Corporation in the best position to sell aircraft to the Government, both in the Enforcer Program and from its current model line.

Report on Operations

Mr. Mergen reported to the Board in detail on recent operations of the Corporation. He noted that an extremely successful distributor meeting had been held in Lock Haven on January 29, 1971 to introduce the Cherokee Flight Liner and a financing plan to enable distributors to acquire Flight Liners on attractive terms. He reported that at this meeting all distributors had made commitments for the full amount of their quota for this new aircraft.

Mr. Mergen also stated that costs and fixed overhead continued to be reduced and that the manufacturing facilities of the Corporation were now operating below planned budgeted amounts. He stated that while there had been a loss per share from operations in December, it now appeared that January results would be better and that indications were that February and March would also be improved.

Mr. Rochlis requested that information as to direct overhead and the basis for fiscal 1971 forecasts as well as a fiscal year projection based on pessimistic sales figures be furnished to the Directors and it was agreed that these would be obtained as soon as possible.

Report on GAMA

The Chairman reported to the Board in detail on the General Aircraft Manufacturers' Association (GAMA) and distributed to the Directors material published by such association. He pointed out that GAMA was an off-shoot of a larger industry group which had been dominated by Aerospace manufacturers. He stated that the Corporation's dues to such corporation was based on its portion of the total sales of all members of GAMA. He stated that even though the organization was less than a year old, there had been a number of beneficial steps taken by it, including an educational program, legislative contracts and work with the National Transportation Safety Board. It was agreed that the Corporation should continue to participate in GAMA.

Gates Learjet

Mr. Salgo reported to the Board on preliminary talks which had been held with Gates Learjet looking toward a possible amalgamation between that company and the Corporation. He stated that the principal advantage of an amalgamation would be the addition of the Learjet to the Corporation's product line. It

was agreed that additional material on this matter should be sent to the Directors so that they would be in a position to evaluate any proposal, and that in the meantine, the preliminary discussions continue to be held with Gates Learjet.

Adjournment

There being no further business to come before the meeting, the same was adjourned at 3:30 P.M.

J. Martin
Secretary

 DEFENDANT'S EXHIBIT BS

PIPER AIRCRAFT CORPORATION

REGULAR MEETING

of the

BOARD OF DIRECTORS

February 21, 1973

One Greenwich Plaza
Greenwich, Connecticut

Commencing at 9:15 A.M. on Wednesday, February 21, 1973, a Regular Meeting of the Board of Directors of Piper Aircraft Corporation was held at One Greenwich Plaza, Greenwich, Connecticut.

The following Directors, constituting a quorum, were present at the meeting:

Lawrence R. Barnett
John J. Martin
Joseph M. Mergen
Dudley C. Phillips
James J. Rochlis
Nicolas M. Salgo
Herbert J. Siegel
David W. Wallace

Unable to attend the meeting were Messrs. William T. Piper, Jr. and David F. Linowes.

Also present at the invitation of the Board was Mr. Richard Stockton, Vice President, Finance for the Corporation.

Introduction of Officer

Mr. Mergen introduced Mr. Richard Stockton to the Directors and they talked briefly with him.

Mr. Stockton thereupon left the meeting.

Approval of Minutes

The Chairman stated that it would be in order to approve the minutes of the January 22, 1973 portion of the Regular Meeting of the Board of Directors originally convened on December 4, 1972 and adjourned to January 22, 1973. He stated that copies of these minutes had been sent to all Directors prior to the meeting.

Mr. Siegel observed that he believed the minutes of the January 22, 1973 meeting should reflect discussions held by the Board prior to the resignation of Messrs. William and Howard Piper and he also pointed out that a resolution made by him concerning the Corporation's seeking reimbursement for sums paid in connection with the book, "Mr. Piper and His Cubs" was to the effect that the Corporation seek reimbursement from Mr. William Piper. The Secretary was directed to correct the minutes of the January 22, 1973 meeting in accordance with Mr. Siegel's remarks.

Thereupon, upon motion duly made, seconded and unanimously carried, it was

RESOLVED, that the minutes of the Reconvened Regular Meeting of the Board of Directors of Piper Aircraft Corporation held on January 22, 1973, as corrected at this meeting be, and they hereby are, approved.

Report on Operations

The President reported to the Board on recent operations of the Corporation and reviewed with the Directors the Corporation's performance against its plan for fiscal 1973 and as compared with its revised forecast for the year. He stated that operations continued excellent and that the Corporation had a large backlog of orders. The President advised that every effort was being made to maintain production levels at the most efficient and profitable rate.

The Board discussed the trainer market and the Corporation's future plans for airplanes to be sold in that market.

Report on Short-Term Borrowing

The President reported that there had been no recent short-term borrowing by the Corporation and that it was expected that the Corporation would need to borrow approximately $1,000,000 on a short-term basis within the next three or four weeks.

Authorization of Signatures for Banks and Establishment of Bank Account at Lakeland, Florida

The Chairman stated that because of changes in the Officers of the Company and the names of certain of the banks where the Company maintains accounts, it would be appropriate to update the authority of the Officers of the Corporation to maintain accounts in banks and their signing authority for such accounts. In addition, in connection with the Lakeland facility, it would be appropriate to authorize the establishment of a bank account in Polk County, Florida, he said. Mr. Siegel suggested that it would be appropriate for Mr. Stockton to review all the Corporation's banking relationships to see whether or not changes would be appropriate. Mr. Stockton was invited briefly into the meeting to be advised of this and to answer certain questions about some of the Corporation's accounts. Mr. Stockton said he expected to review the Corporation's banking relationships in the very near future and would report to the Board on this matter. He thereupon left the meeting.

Thereupon, upon motion duly made, seconded and unanimously carried, it was

> RESOLVED, that the previous action of this Board taken on March 2, 1970, April 20, 1970, April 30, 1971, July 14, 1971, August 20, 1971, December 3, 1971 and October 31, 1972, in connection with the authorization of the various officers of this Corporation to establish bank accounts, borrow money, guarantee loans and sign on behalf of the Corporation, be, and they hereby are, rescinded effective this date.

RESOLVED, that Fidelity National Bank, Lock Haven, Pennsylvania; Central Counties Bank, Lock Haven, Pennsylvania; Pittsburgh National Bank, Pittsburgh, Pennsylvania; First National City Bank, New York, New York; Manufacturers Hanover Trust Company, New York, New York; The First Pennsylvania Banking and Trust Company, Philadelphia, Pennsylvania; The Indian River Citrus Bank, Vero Beach, Florida; Florida National Bank, Vero Beach, Florida; and such Bank located in Polk County Florida as may be designated in writing by the President or the Vice President-Finance of this Corporation be and they hereby are designated as Depositories for the funds of this Corporation and are hereby authorized to accept for deposit to the credit of this Corporation in such account or accounts, as the Treasurer of this Corporation shall designate, from time to time, monies, checks, drafts, notes, acceptances or other evidences of indebtedness which may now or may hereafter come into its possession.

FURTHER RESOLVED, that the aforementioned banks are authorized to make payments from the funds of this Corporation on deposit with it, upon and according to the check, draft, note, bill or exchange or acceptance of this Corporation, signed or countersigned by either (i) Joseph M. Mergen, President; or Richard Stockton, a Vice President; and John R. Leeson, Treasurer; or Jack J. Cattoni, Controller, or (ii) Joseph M. Mergen, President and Richard Stockton, a Vice President, whether the same be payable to the order of, or in favor of the officer or person signing or countersigning them, or to any of its officers or persons in his individual capacity, or otherwise; and whether the same be deposited to the individual credit of or tendered in payment of the obligation of the officer signing or countersigning, or deposited to the individual credit of or tendered in payment of the obligation of any of the other officers or persons, or otherwise, except that in the case of the Corporation's payroll accounts at the Central Counties Bank, the Indian River Citrus Bank and the Bank in Polk County, Florida designated by

the President or Vice President-Finance in accordance with the previous resolution, the signature of any one of the following officers shall only be required: Joseph M. Mergen, President; Richard Stockton, a Vice President; John R. Leeson, Treasurer; Jack J. Cattoni, Treasurer; or, in the case of the Indian River Citrus Bank payroll account only, Cornell J. Slivinsky, a Vice President; or James L. McCoy, Assistant Controller.

FURTHER RESOLVED, that either (i) Joseph M. Mergen, President; or Richard Stockton, a Vice President; and John R. Leeson, Treasurer; or Jack J. Cattoni, Controller or (ii) Joseph M. Mergen, President; and Richard Stockton, a Vice President, are hereby authorized on behalf of this Corporation to borrow money and obtain credit from the banks referred to in the preceding Resolutions, or to discount with or to guarantee to such banks the obligations of others (provided, however, that in no event shall the aggregate amount involved in all such transactions exceed $2,500,000 in any one calendar month without the prior approval of the Board of Directors of the Corporation and provided, further, that no such borrowings shall have a maturity of more than one year) and for such purpose to execute or endorse, and deliver the note or other obligation of this Corporation, or of others, therefor, and in connection therewith the banks shall have no duty to inquire as to the circumstances of the issue or the disposition of the proceeds of any such instruments, whether the same be payable to the order of or in favor of any of its officers or other person or otherwise, and whether the same be deposited to the individual credit of or tendered in payment of the obligation of any of its officers or other person, or otherwise.

FURTHER RESOLVED, that either (i) Joseph M. Mergen, President or Richard Stockton, a Vice President; and John R. Leeson, Treasurer; or Jack J. Cattoni, Controller or (ii) Joseph M. Mergen, President; and Richard Stockton, a

Vice President, be, and they hereby are, authorized on behalf of the Corporation to discount with, or guarantee to, any lending institution, obligations of other persons incurred in connection with aircraft sales by the Corporation or its subsidiaries without limitation as to the amount so discounted or guaranteed.

FURTHER RESOLVED, that the above authorizations shall continue and remain in force and effect until notice of their revocation by Resolution of this Board has been given in writing to the banks referred to in the preceding Resolutions, and that this Corporation hereby guarantees to the banks as Depositories, the payment of all checks, drafts, notes, acceptances or other evidences of indebtedness which may at any time be deposited without the endorsement of the Corporation appearing thereon, and, further, that the certification of these resolutions by an Officer of this Corporation shall bind it upon this guaranty, and, further, that the Secretary or any Assistant Secretary of this Corporation are hereby authorized and directed to certify to the banks, from time to time, the names of the officers authorized to sign on behalf of this Corporation.

Discussion of Book "Mr. Piper and His Cubs"

Mr. Phillips distributed his memorandum concerning the suggested reimbursement of the Corporation for its expenses in connection with the book, "Mr. Piper and His Cubs". Despite the conclusion in Mr. Phillip's memorandum that reimbursement was not justified, Mr. Siegel stated that he still felt reimbursement should be obtained by the Corporation from Mr. William Piper. It was agreed that Mr. Siegel would consider further the possible basis for such reimbursement and that the matter would be again discussed at the next meeting of the Board.

Consulting Arrangement with Messrs. William and Howard Piper

Mr. Phillips reviewed briefly alternative proposals Mr. Mergen had made on behalf of the Corporation to Messrs. William and Howard Piper concerning the employment of those

gentlemen as consultants to the Corporation. A letter from Mr. William Piper to Mr. Mergen responding to these proposals and suggesting a compensation arrangement, was distributed to the members of the Board. It was agreed that Mr. William Piper should be advised that if he and Mr. Howard Piper were agreeable to entering into a consultant contract containing the terms suggested to them by Mr. Mergen, the compensation arrangments suggested in Mr. William Piper's letter was satisfactory. Mr. Phillips was requested to contact Mr. William Piper concerning this and report back to the Board.

Replacement of Trustee for Pension Plan

Mr. Phillips stated that at the time of the Board's action limiting the maximum annual pension payable under its pension plan to $18,000, the Trustees of such plan had made lump sum payments to Messrs. William and Howard Piper of funds from their respective accounts which at that time appeared to the Trustees to be in excess of the sums required to provide benefits to them upon their retirement. Because of the recent resignations of Mr. William Piper and Mr. Howard Piper, it now turned out that had the sums so paid to them been retained, they could be applied to the payment of substantially greater retirement payments than were payable out of the funds presently in the accounts. Mr. Siegel suggested that because of the highly questionable action in making the payments to Messrs. Howard and William Piper, that the Trustees; namely, Messrs. Jamouneau, Leeson and Cattoni, be replaced. It was suggested that Messrs. Stockton, Phillips and Mergen be the new Trustees.

Thereupon, upon motion duly made, seconded and unanimously carried, it was

RESOLVED, that effective April 2, 1973 Messrs. Jamouneau, Leeson and Cattoni be, and they hereby are, removed as Trustees under the Corporation's Pension Plan and that Messrs. Stockton, Phillips and Mergen be, and they hereby are, appointed Trustees thereunder.

Indemnification of the Corporation

The Secretary advised that in connection with a Registration Statement filed by Chris-Craft Industries, Inc., the Corporation had authorized the use in the prospectus for such registration statement of the financial statements contained in

its 1972 Annual Report to Shareholders. In this connection, he stated, Chris-Craft had agreed to indemnify the Corporation for any liabilities growing out of the use of such prospectus arising from matters not covered by material furnished to Chris-Craft by the Corporation. In turn, the Corporation had agreed to indemnify Chris-Craft for liabilities to it growing out of material furnished by the Corporation for use in the prospectus. He stated that it would be appropriate to authorize the indemnification agreed to by the Corporation.

Thereupon, upon motion duly made, seconded and unanimously carried, it was

RESOLVED, that the actions of the Officers and employees of this Corporation in agreeind to indemnify Chris-Craft Industries, Inc. for liabilities to it growing out of material furnished by this Corporation to Chris-Craft for use in a Registration Statement filed on Form S-8 with the Securities and Exchange Commission be, and they hereby are, ratified and confirmed.

Distribution of Certain Material

The Secretary distributed a schedule of legal fees paid by the Corporation from the commencement of fiscal 1972 through December 31, 1972 and an outline of payments by the Corporation to Bangor Punta Corporation during the same period. The Secretary was directed to obtain similar material for the periods beginning with the commencement of fiscal 1969 to the period covered by the material distributed at the meeting. In addition, the Secretary was directed to contact Chadbourne, Parke, Whiteside and Wolff to obtain information from it on its billings to the Corporation since 1969. Further, the Secretary was requested to obtain the details of fees paid in 1969 by the Corporation to Dudley F. King and to its advertising agencies and printers.

Next Regular Meeting

It was agreed that the next regular meeting of the Board would be held on Wednesday, March 7, 1973, commencing at 1:30 P.M. at 4 East 72nd Street.

Adjournment

There being no further business to come before the meeting, the same was thereupon adjourned.

Secretary

PIPER AIRCRAFT CORPORATION

ONLY COPY AVAILABLE

REGULAR MEETING

OF THE

BOARD OF DIRECTORS

June 18, 1973

Sky Club
200 Park Avenue
New York, New York

A regular meeting of the Piper Aircraft Corporation Board of Directors was held on June 18, 1973, at the Sky Club, 200 Park Avenue, New York, New York, commencing at 5:30 p.m.

The following directors, constituting a quorum, were present:

Lawrence R. Barnett
David F. Linowes
John J. Martin
Dudley C. Phillips
William T. Piper, Jr.
James J. Rochlis
Nicolas M. Salgo
Herbert J. Siegel
David W. Wallace

Unable to attend the meeting was Mr. Joseph M. Mergen a Director and President of the Corporation.

Also present at the invitation of the Board were Mr. Thomas Gillespie, Senior Vice President of the Corporation, Mr. Richard B. Stockton, Vice President-Finance of the Corporation, James V. Ryan, Esq., Arthur L. Liman, Esq., John Brennan, Executive vice President of United States Aviation Insurance Group (USAIG) and A. J. Tahmoush, Executive Vice President of Parker & Co., a subsidiary of Frank B. Hall & Co., Inc. insurance brokers.

Mr. Salgo acted as Chairman of the meeting and Mr. Martin as its Secretary.

Discussion of Products Liability Insurance

The Chairman stated that Messrs. Brennan and Tahmoush were present in order to outline to the Board various matters regarding the Corporation's products liability insurance. Mr. Phillips thereupon distributed a memorandum entitled, "Piper

Product Liability Insurance 1973-1974" which was ordered filed with the minutes of the meeting. Mr. Phillips pointed out that the discussion in such memorandum of the products liability insurance of the Cessna Aircraft Company did not include a reference to the fact that Cessna assumed a million dollars in liability. This million dollars should be considered part of the cost of Cessna's products liablility insurance coverage, Mr. Phillips said.

Mr. Phillips briefly reviewed the products liability situation at Piper, advising that negotiations with USAIG, the underwriter presently writing the Corporation's products liability insurance, for the insurance year commencing July 1, 1973 were commencing.

Mr. Brennan thereupon discussed with the Board products liability as it relates to general aviation, outlining some recent trends in the field both in the legislative and judicial areas. He also reviewed briefly his company's relationship with the Corporation and outlined the procedures followed in handling claims against the Corporation. Mr. Brennan stated that Piper was now, because of recent developments and procedures, a more attractive risk than its competitors even though the carrier had paid in the last policy year $2.6 million in claims and created new reserves of $6 million for other claims.

Mr. Tahmoush then addressed the Board advising that, while he had extensive experience in all fields of aviation insurance, only recently had he become involved with the Corporation's products liability insurance situation. In this regard, Mr. Tahmoush stated that his office was undertaking a review of the Corporation's present products liability insurance coverage as well as an analysis of other possible ways to handle products liability and that he would confer with management concerning these matters when such material was available.

The Board discussed the Corporation's products liability insurance covering, in particular, the premiums paid for such insurance and reserves for expected losses. The Board also discussed procedures relating to aircraft products liability claims and communications with USAIG.

At this point, Messrs. Brennan, Tahmoush, Gillespie and Stockton left the meeting.

The Board continued its discussion of the Corporation's products liability insurance and it was suggested that a committee of the Board be appointed to look into this matter and report its findings and recommendations to the Board.

Mr. Salgo expressed concern that the carrier was not defending claims vigorously enough and questioned whether it might not have made an unwise settlement in a Chicago action. Mr. Brennan reported that the carrier had been pressured into the settlement by the Court. Mr. Salgo pointed out that the

Corporation bears the cost of settlements through increased insurance premiums and that the Corporation therefore had an interest in avoiding any payments on unjustified claims.

Thereupon, upon motion duly made, seconded and unanimously carried, it was

RESOLVED, that this Board appoint a committee to be known as the Insurance Committee of the Board of Directors to consist of such persons as may be appointed from time to time by the Board; and

RESOLVED, that the Insurance Committee of the Board of Directors shall (i) review the Corporation's products liability insurance coverage (ii) consider alternative ways for the Corporation to provide such coverage and (iii) report its findings and recommendations to the Board; and

RESOLVED, that the Insurance Committee of the Board of Directors shall have such other duties as may be delegated to it from time to time by the Board of Directors; and

RESOLVED, that Messrs. Linowes, Barnett, Phillips and Salgo be, and they hereby are, appointed to the Insurance Committee of the Board of Directors.

Approval of Minutes

The Chairman stated that copies of the Minutes of the previous regular meeting of the Board held on May 24, 1973 had been distributed to the Directors prior to the meeting and that it would be in order to approve these minutes.

Mr. Liman stated that he was preparing a memorandum containing the comments of Messrs. Siegel, Barnett, Rochlis and Linowes on the draft of the minutes of the May 24, 1973 meeting and that he would forward such memorandum to the Secretary of the Corporation shortly. Approval of the minutes of the May 24, 1973 meeting was therefore deferred.

Appointment of Audit Committee

The Board discussed the appointment of an Audit Committee and upon motion duly made, seconded and unanimously carried, it was

RESOLVED, that Article IV of the Corporation's By-Laws be, and it hereby is, amended by adding a new Section 12 at the end thereof, reading as follows:

"12. Audit Committee. The Board of Directors may appoint two or more persons to constitute an Audit Committee. The Audit Committee shall review on behalf of the Board the scope of the audit conducted by the Corporation;s independent public accountants, their qualifications to conduct such audit, the adequacy of the audit reports, the findings and recommendations by such auditors concerning the Corporation's internal controls, the financial statements, reports and projections prepared by Corporation's internal staff, the Corporation's internal system of bookkeeping, reporting, financial planning, budgeting and controls, and any other matters bearing on the Corporation's financial statements. The Committee shall report its findings and recommendations to the Board.

Vacancies in the Audit Committee shall be filled by the Board of Directors at a regular or special meeting.

The Board shall fix the rate of compensation to be paid to the members of the Audit Committee for their services on such Committee.

and; further

RESOLVED, that Messrs. David Limowes and Stephen Galle be, and they hereby are, appointed as the Audit Committee of the Board of Directors to have such duties as are set out in the By-Laws of the Corporation and as may be delegated to it by the Board of Directors from time to time.

RESOLVED, that each member of the Audit Committee shall be compensated at the rate of $1,000 per month plus actual expenses incurred in connection with his duties as a member of such Committee.

Discussion of Operations Committee

Mr. Martin pointed out that Mr. Joseph M. Mergen was ill and was not expected to be available to carry out his duties as President of the Corporation for at least four to six weeks.

It had been suggested, he said, that an Operations Committee be appointed by the Board to participate in significant corporate decisions during Mr. Mergen's absence and to also investigate the operations of the Corporation with a view towards making recommendations to the Board concerning such operations. It was agreed that the review of the Operations Committee should include an analysis of the various cost centers of the Corporation.

Thereupon, upon motion duly made, seconded and unanimously carried, it was

RESOLVED, that this Board appoint a committee to be known as Operations Committee of the Board of Directors to review on behalf of the Board all the manufacturing and selling operations of the Corporation and to make recommendations to the Board with respect to such operations; and

RESOLVED, that the Operations Committee shall have such other duties as may be delegated to it from time to time by the Board; and

RESOLVED, that Messrs. Lawrence Barnett, Stephen Galle, William Gunn and James Rochlis be, and they hereby are appointed to the Operations Committee of the Board of Directors; and

RESOLVED, that Mr. William Gunn be, and he hereby is, appointed Chairman of the Operations Committee of the Board of Directors.

Discussion of Legal Fees

Mr. Phillips advised that in response to his request to the firm of Chadbourne, Parke, Whiteside & Wolff for a breakdown of the legal fees charged to Messrs. William, Howard and Thomas Piper in defending the action brought by Chris-Craft Industries, Inc., he had received a reply which had been distributed to all members of the Board.

He pointed out this reply was to the effect that there had been no separate legal fees involved in the defense of these three persons. A draft of a letter prepared by Arthur Liman, Esq. requesting Messrs. William, Howard and Thomas Piper reimburse the Corporation for the costs of defending them in such action was distributed and discussed.

Thereupon, upon motion duly made, seconded and carried by a vote of eight in favor and one (Mr. William Piper) opposed, it was

RESOLVED, that the proper officers of the Corporation write to Messrs. William, Howard and Thomas Piper to request reimbursement of the Corporation for the amount spent in their defense in the action brought against the Corporation and such persons by Chris-Craft Industries, Inc.

Discussion of Enforcer Program

Mr. Phillips distributed a memorandum entitled "License of Piper Enforcer Technology to Lockheed" as well as a copy of a recent Wall Street Journal article reporting the awarding of a contract to Lockheed Aircraft Corporation (Lockheed) to construct a cargo plane for the Air Force. These items were ordered filed with the minutes of the meeting.

Mr. Phillips advised that as requested at the Board meeting of May 24, 1973, representatives of the Corporation had notified Lockheed that the Corporation would agree to give Lockheed a license to manufacture the Enforcer only if that company would agree to spend a minimum of $1,000,000 in the first two years of the program and pay a minimum royalty of $300,000 at the end of two years plus $150,000 per year thereafter unless the license was returned to the Corporation. Mr. Phillips said the representatives of Lockheed had replied that they were not interested in such a proposal and had suggested instead that the proposed agreement be terminable at the end of two years if no Enforcer prototype was sold and that the agreement contain a provision to the effect that after five years the rights to the Enforcer would revert to the Corporation in the event that ten production units had not been sold by that time. Mr. Phillips stated that, because of the Corporation's position, Lockheed was now unwilling to pay the $200,000 on the sale of the prototype contemplated by the original proposal. Mr. Phillips also advised that he had discussed this with Mr. David Lindsay, the originator of the Enforcer concept and Mr. Lindsay recommended the Corporation accept Lockheed's terms. Copies of letters indicating Congressional interest in the Enforcer program were also reviewed by the Board.

Mr. Siegel stated that he was opposed to accepting the Lockheed offer in that the Corporation was not guaranteed any return. He said that the Corporation had paid Mr. Lindsay $200,000 for the rights, had spent substantial additional moneys on the development of the project, and that if Mr. Lindsay had faith in the project he was a rich enough man to repay the Corporation for the $200,000 which he had previously received.

After further discussion, it was unanimously agreed that the proposal of Lockheed be refused and that company be advised that the Corporation would not agree to a license arrangement for the Enforcer Program unless it provided for the payment of a significant sum of money to the Corporation or committed Lockheed to spend a significant sum of money promoting the program.

Discussion of Bid on Atlit Program

The Board discussed management's recommendation that the Corporation bid on the National Aeronautics Space Administration Advance Technology Light Twin Program (ATLIT). A memorandum on this subject had been previously distributed to the Board and was ordered filed with the minutes of the meeting. Mr. Siegel observed that he was concerned about the costs involved in staffing the proposed project and he also questioned whether the Corporation should undertake such a project at the present time. Mr. Martin advised that it was necessary to make a decision on this subject at the meeting as the deadline for submitting bids was Wednesday, June 20, 1973. He stated that the Corporation was interested in submitting a bid as it would provide an opportunity to obtain advanced technology on a wing concept in which the Corporation had a great interest.

Mr. Siegel stated that he felt the memorandum outlining management's recommendation was not detailed enough and that the question of whether to bid on the project should be decided by the Operations Committee which had recently been created.

Mr. Rochlis stated that he believed the Corporation did not have sufficient information to act. Mr. Siegel stated that he did not believe it justified to move 19 engineers from Pennsylvania to Lakeland at the Corporation's expense to work on the project. Mr. Piper said that he thought that the project could be undertaken without moving people around -- by four or five engineers at Vero Beach. He also questioned why the project would cost $329,000. Messrs. Stockton and Gillespie stated that the purpose of locating the project at Lakeland was to gain independence from Vero Beach and to free the project engineers from the red tape at Vero.

Mr. Linowes stated that the Board was being placed in the position of making decisions which should properly be made in the first instance by the chief executive, on whose recommendation and judgement the Board could rely. He asked the Chairman who was carrying out Mr. Mergen's responsibilities in his absence. Mr. Salgo stated that no one was and that this was the reason an Operations Committee had been formed by the Board. Mr. Linowes stated that the Corporation appeared to be floundering without a chief executive.

Mr. Salgo advised that, if there was a clear understanding that the staffing of the project and the facility of

the Corporation at which the project would be undertaken was to be determined by the Operations Committee, he would be in favor of the Corporation making a bid on the terms outlined in the memorandum distributed to the Board.

Thereupon, after further discussion and upon motion duly made, seconded and carried, by a vote of five directors (Messrs. Martin, Phillips, Piper, Salgo and Wallace), in favor, and four directors (Messrs. Barnett, Linowes, Rochlis and Siegel), against, it was

RESOLVED, that this Corporation bid on the National Aeronautics Space Administration Advance Technology Light Twin Program in accordance with the recommendation of management contained in a memorandum dated June 12, 1973 from Mr. Marion J. Dees, Jr. (filed with the minutes of this meeting) to Mr. Joseph Mergen provided, however, that in making such bid, the manner of the staffing of the project by the Corporation and the location of the Corporation's facility in which such program be undertaken be left open and, further provided, that such open matters be determined by the Operations Committee of the Board.

Discussion of Insurance Claim for Flood Damaged Aircraft

Mr. Phillips reported to the Board on the status of the Corporation's claim for the aircraft damaged as a result of Hurricane Agnes. He referred to a letter dated June 15, 1973 which had been previously distributed to all members of the Board. A copy of this letter was ordered filed with the minutes of the meeting.

Mr. Phillips advised that the Corporation was analyzing its claim and as soon as this was done, he expected to meet with the underwriters in an attempt to work out a settlement. After discussion, it was agreed that Messrs. Liman and Ryan should meet with the attorneys for the underwriters to advise such attorneys that if a fair offer of settlement was not forthcoming from the underwriters, the Corporation would have no alternative but to commence an action to recover the full amount due. It was also suggested that the Insurance Committee of the Board be given authority to review the claim and to settle with the underwriter.

Thereupon, after further discussion and upon motion duly made and uanimously carried, it was

RESOLVED, that the Insurance Committee of the Board of Directors be, and it hereby is, authorized to investigate the Corporation's claim for damages growing out of the destruction of aircraft by the flood of June 24, 1972

and to negotiate and settle this claim with the insurance underwriters involved.

Overhead

Mr. Siegel stated that he agreed with Mr. Piper's earlier observation that overhead was too high. Mr. Piper stated that he had no doubt that the Corporation had engaged in unnecessary hiring. Mr. Wallace expressed his belief that the overhead could be excessive and that an analysis of the overhead along with a plan to reduce it as soon as practicable should be given first priority by the Operations Committee.

Report on PA-31T

Messrs. Stockton and Gillespie thereupon rejoined the meeting and Mr. Gillespie presented to the Board a detailed report on the Corporation's new PA-31T Turbo-charged Navajo Aircraft. He advised that this aircraft was presently scheduled for introduction in December of 1973 and that from a marketing standpoint, he fully expected the program would be a successful one. The Board reviewed the costs involved in the program to date and the projected costs involved in the introduction and production of the aircraft. In this discussion Mr. Stockton reported on the cash flow implications to the Corporation of producing the turbo-charged Navajo. After discussion, it was unanimously agreed that the Corporation should continue the PA-31T Turbo-charged project on the terms outlined at the meeting.

The meeting was thereupon adjourned for dinner.

After dinner the Board reconvened without Messrs. Stockton and Gillespie present.

Discussion of Management Organization, Inc.

Messrs. Richard Hayes and Thomas Gafney, representatives of Management Organization, Inc. (MOI) joined the meeting and reported to the Board on MOI's ongoing program at the Lock Haven facility of the Corporation. They advised that excellent cooperation from all the personnel of the Corporation involved in this program had been received. Many areas where it appeared significant savings could be achieved had been uncovered, they stated, and they advised that it also appeared the reporting system of the Corporation could be improved. They also stated that in their opinion the Corporation's overhead was "outrageous" and that the computer system appeared to be inefficent and too costly. They also discussed the range of savings which they believed could be effected by the Corporation as a result of the MOI program. After discussion it was agreed that a full presentation by the representatives of MOI should be made to the Board at a regular meeting of the Board to be held Thursday,

July 12, 1973 at 3:00 p.m.

Thereupon, Messrs. Gafney and Hayes left the meeting.

Discussion of SBA Loan

Mr. Siegel requested that he be furnished with details concerning the claim of a default under the Corporation's Note Agreements with the holders of the Corporation's 1984 Notes as discussed at the May 24, 1973 Board Meeting.

Mr. Martin briefly reviewed the position of the holders of the 1984 Notes in this matter, stating that the suggestion of a default grew out of the granting of liens on the Corporation's properties to the SBA in connection with the Corporation's borrowing of $12,000,000 from that agency. Mr. Siegel stated that he had insisted before approving the SBA loans that there be no default. Mr. Martin stated that at the time of the SBA Loans the Note holders had been given copies of the agreements and had made no protest. Mr. Siegel stated that it was essential that the Note holders not be given any excuse to renegotiate since the terms of the 1984 Notes were favorable to the Corporation. Mr. Martin advised that because of the negotiations involving the consent of such Note holders to the Corporation's proposed Lakeland expansion, the Corporation had deferred resolving the separate question of a default growing out of the SBA loan. The Note holders had indicated that a consent to the SBA loan could be included with their consent to the requested approval of the Lakeland financing, he said. It was agreed that Mr. Siegel should be furnished with the details of this matter by Mr. Phillips.

Adjournment

There being no further business to come before the meeting, the same was thereupon adjourned.

John J. Martin
Secretary

PIPER AIRCRAFT CORPORATION

REGULAR MEETING

OF THE

BOARD OF DIRECTORS

July 12, 1973

Hotel Carlyle
35 East 76th Street
New York, New York

A regular meeting of the Piper Aircraft Corporation Board of Directors was held on July 12, 1973, at the Hotel Carlyle, 35 East 76th Street, New York, commencing at 3:10 p.m.

The following directors, constituting a quorum, were present:

Lawrence R. Barnett
David F. Linowes
John J. Martin
Dudley C. Phillips
William T. Piper, Jr.
James J. Rochlis
Nicolas M. Salgo
Herbert J. Siegel
David W. Wallace

Unable to attend the meeting was Mr. Joseph M. Mergen, a Director and President of the Corporation.

Also present at the invitation of the Board were James V. Ryan, Esq. and Messrs. William G. Gunn and Stephen Galle, members of the Operations Committee of the Board of Directors.

Mr. Salgo acted as Chairman of the meeting and Mr. Martin as its Secretary.

Discussion of Minutes of Previous Meetings

Mr. Barnett suggested that, since the Directors had had a relatively brief time to review the minutes of the meeting of the Board held on June 18, 1973, approval of these minutes be deferred. As to the minutes of the meeting of the Board held on May 24, 1973, Mr. Martin advised that, at a previous Board meeting, Mr. Liman had stated he would prepare a memorandum containing the comments of Messrs. Siegel, Barnett, Rochlis and Linowes on the draft of those minutes which had been distributed to all Directors prior to the June 18, 1973 meeting. This memorandum had not been received as yet, Mr. Martin said.

After a brief discussion, it was agreed that action on the minutes of the May 24, 1973 and June 18, 1973 meetings be deferred.

Report of Operations Committee

Mr. William G. Gunn, Chairman of the Operations Committee of the Board, thereupon reported to the Board.

Mr. Gunn prefaced his report by noting the significant contribution of the other members of the Operations Committee and the cooperation of the Corporation's employees in connection with the review of the Corporation's operations by the Committee. Mr. Gunn stated that the Committee recommended it be given authority to implement a five-point program intended to improve the Corporation's earnings. The five points were, he said, the establishment of (1) the projected sales and production figures for fiscal 1974; (2) a direct labor expense standard (expressed as a percentage of sales); (3) a manufacturing overhead standard including direct and indirect selling and administrative expenses and the costs of products liability insurance and warranty work (also expressed as a percentage of sales); (4) a policy directing that capital expenditures not exceed depreciation in any fiscal year; and, finally (5) an average inventory level for the 1974 fiscal year including raw materials, purchased parts, and manufacturing supplies. Mr. Gunn said that implementing the program recommended by the Operations Committee would necessarily involve a cost reduction program and would require strong management.

The Board thereupon discussed the recommendations of the Operations Committee.

Mr. Galle suggested that it might be helpful to the Board's discussion for the Audit Committee of the Board to make its report at this point.

Report of Audit Committee

Mr. David F. Linowes, Chairman of the Audit Committee, thereupon read a report of that Committee, a copy of which was ordered filed with the minutes of the meeting.

At this point Arthur L. Liman, Esq. joined the meeting.

The Board discussed the report of the Audit Committee. It was agreed that, as to the portion of the report dealing with the Corporation's data processing systems, a professional review and critique of the Corporation's data processing capabilities and of the possibility of integrating the data processing system at Vero Beach with that at Lock Haven should be made. Mr. Linowes stated that, as the Board was aware, he was a partner in an accounting firm and his firm was capable of performing the suggested study.

After further discussion and upon motion duly made, seconded and carried by a vote of five directors in favor and four (Messrs. Barnett, Linowes, Rochlis and Siegel) abstaining, it was

> RESOLVED, that Mr. David F. Linowes be, and he hereby is, authorized to retain, on behalf of the Corporation, consultants to evaluate the Corporation's data processing systems and to report the results of such evaluation to the Audit Committee; and
>
> FURTHER RESOLVED, that the consultants to be retained by Mr. Linowes as provided in the previous resolution may be the firm of Laventhol, Krekstein, Horwath & Horwath, a firm in which Mr. Linowes is a partner.

The Chairman observed that the authorization to retain consultants constituted approval of two of the four recommendations contained in the report of the Audit Committee. As for the other two recommendations in this report, the Chairman noted that no specific Board action was required at this time.

The Board also briefly discussed the possibility of changing the Corporation's fiscal year from one ending September 30 to one ending August 31. In their discussion Mr. Siegel reported he had been told the Corporation's auditors had stated it would be less costly to have an audited fiscal year ending August 31 with updated figures to September 30 than to have audited figures as of September 30 and August 31 as had been the case in 1972. After further discussion it was agreed that the Audit Committee should consider this matter and report to the Board.

Report of Management Organization, Inc.

The Chairman noted that, as most members of the Board were aware, Management Organization, Inc. (MOI) would not make a report to the Board at the meeting. He noted that the Operations Committee had met with representatives of MOI and discussed MOI's work at Lock Haven.

Continuation of Report of Operations Committee

The Board continued its discussion of the recommendations of the Operations Committee, including in this discussion consideration of the Corporation's overhead, the level of inventory, the problem in obtaining vendor items, the Corporation's profit margin, the management of the Corporation and the cash position of the Corporation.

Mr. Gunn stated that there was a need to make drastic overhead reductions and to get inventory into line. Mr. Wallace said that the Corporation should rapidly prepare a budget with a reduced sales forecast.

In answer to a question from Mr. Siegel concerning his diagnosis of the problem, Mr. Piper stated that in his view the Corporation had added overhead onto overhead, had too many salaried employees, and that each new executive had tended to hire new subordinates. Mr. Piper stated, further, that he was not in a position to say whether the engineering department was overstaffed, but that he could say that he believed the general feeling in the Corporation was that overall management was overstaffed, and that the Corporation had been run more efficiently before.

Mr. Rochlis stated that using Cessna's and Beech's ratios, the Corporation should have an inventory of only $40,000,000 on sales of $135,000,000. Instead he noted the Corporation's inventory would reach $57,000,000 and attributed this to poor inventory control.

Mr. Piper stated that it appeared to him that there was at Vero Beach an unusually high number of finished aircraft not turned over to the Sales Department, and therefore not shipped. He stated that this was because certain components, such as radios and other avionics, were not available. This shortage of components was significantly contributing to the high level of inventory, Mr. Piper noted.

Mr. Galle analyzed briefly the components of the Corporation's inventory noting that almost $10,000,000 inventory was for the new PA-36 and PA-31T aircraft, that recent production schedules were geared to a $170,000,000 yearly sales level causing an increase in inventory levels and that component shortages had created difficulties with inventories.

Mr. Siegel stated that he suspected that there was at least $2,000,000 in obsolescent or overstated inventory.

Mr. Siegel suggested that the Operations Committee be authorized to establish a reduced budget, and a plan for attaining it. Mr. Gunn asked that the Operations Committee be authorized to set up criteria for the Corporation to operate under; noting that under its enabling resolution, the Corporation could recommend action to the Board, but not take action itself.

Mr. Siegel stated that the primary responsibility of a Board of Directors was to select a chief executive officer; that it was constructive for the Board to establish a budget, but that this step was no substitute for a chief executive, and that with Mr. Mergen ill, the Corporation was leaderless.

At this point Messrs. Gunn, Galle, Liman and Ryan left the meeting.

Thereupon, upon motion duly made, seconded and unanimously carried, it was

RESOLVED, that the Operations Committee of the Board of Directors be, and it hereby is, authorized to establish two fiscal 1974 budgets for the Corporation, one such budget to be based on $135,000,000 projected sales and the other upon projected sales of $90,000,000 provided, however, that the Operations Committee may at its discretion, change the amount of projected sales for either or both such budgets.

Mr. Siegel said that in light of Mr. Mergen's absence, a member of the Board should be assigned the responsibility, on a full-time basis, of implementing the decisions of the Operations Committee to reduce inventory and overhead and to take the steps necessary to deal with the problems facing the Corporation. Mr. Siegel stated that to be effective, the person appointed would have to be able to spend his full week at Piper's facilities; and that the job could not be done part-time. He said that Mr. Barnett was, in his opinion, well qualified for the position and was willing to spend five days a week at Piper to get the job done. Mr. Siegel then moved the following resolution which was duly seconded:

RESOLVED, that Mr. Barnett be, and he hereby is, assigned by the Board to act as its representative in implementing and carrying out the decisions of the Operation Committee and the Board to reduce overhead and inventory immediately.

Messrs. Barnett, Linowes, Rochlis and Siegel voted for the proposal. Messrs. Wallace, Salgo, Phillips, Martin and Piper abstained.

The resolution having failed to carry, Mr. Wallace thereupon proposed that Mr. Gunn, as Chairman of the Operations Committee, be authorized to take steps in order to reduce the Corporation's expenses and that he should work with Mr. Mergen in doing this. He said that Mr. Gunn would be available to visit the Corporation's facilities in such connection.

Thereupon, upon motion duly made, seconded and carried by a vote of five in favor and four (Messrs. Barnett, Rochlis, Linowes and Siegel) abstaining, it was

RESOLVED, that the Chairman of the Operations Committee be, and he hereby is, authorized to take such steps as he deems appropriate to reduce overhead expenses of the Corporation provided however, that to the extent practicable the Chairman of the Operations Committee consult with the President of the Corporation in connection with the implementation of such steps.

In addition, the Board unanimously agreed that limited production of the model PA-25 Pawnee at Lock Haven should be resumed as soon as practicable in order to utilize the available inventory of components for that aircraft for the purposes of supplying the Corporation's foreign markets.

The Operations Committee was requested to report to the Board on July 24, 1973 at a regular meeting of the Board to be held commencing at 9:30 a.m. in the offices of Chris-Craft Industries, Inc., 600 Madison Avenue, New York, N.Y.

Report on President

During the discussion of this report of the Operations Committee, Mr. Wallace advised that Mr. Mergen, the President of the Corporation, was still ill but that he was expected to return to Lock Haven in a few days. Mr. Wallace said further that he had been told it was too early to predict when Mr. Mergen would be able to return to work.

At this point Messrs. Galle, Gunn, Liman and Ryan rejoined the meeting.

Vero Beach Labor Situation

Mr. Phillips reported briefly to the Board on the upcoming National Labor Relations Board election on the question of union representation of the workers at the Corporation's facilities at Vero Beach.

Report on Executive Committee Meeting On Products Liability Insurance

The Secretary distributed a letter from Dudley C. Phillips, Esq. outlining the results of a meeting of the Executive Committee of the Board which had been held on July 6, 1973 and which concerned the Corporation's Products Liability Insurance. A copy of this letter was ordered filed with the minutes of the meeting.

Mr. Phillips pointed out that, on the basis stated in this letter, the Executive Committee had authorized the renewal of the Corporation's Products Liability Insurance carried with United States Aviation Insurance Group (USAIG). The Chairman observed that the Insurance Committee of the Board was still looking into the possibility of the Corporation sharing with USAIG some of the risks growing out of products liability claims.

After discussion the Board unanimously authorized the Insurance Committee to retain an outside consultant to assist it in evaluating the Corporation's Products Liability Insurance coverage.

Report on Claim for Loss Due to Flood Damaged Aircraft

Mr. Phillips reported on the status of the Corporation's claim against certain insurance carriers for damages arising from the destruction of finished aircraft in the flood resulting from hurricane Agnes. He advised that the Corporation planned to formally withdraw its offer to the carriers to settle this claim for $4,250,000 and at the same time reject the carriers' counter offer to settle for $3,750,000. Mr. Phillips said an analysis of the claim and of the applicable terms of the Corporation's insurance policy indicated that the Corporation should make a claim for the full $5 million coverage of the insurance policy. Any settlement would be subject to the $50,000 deductible provision of the insurance policy, Mr. Phillips noted.

It was agreed that the Corporation would take the steps mentioned by Mr. Phillips, and the Insurance Committee was directed to continue its handling of this matter.

It was also agreed that, subsequent to the letter withdrawing the Corporation's settlement offer, Messrs. Ryan and Liman should meet with the attorneys for the insurance carriers to advise such attorneys of the Corporation's position and to make them aware that the Corporation would litigate this matter should a fair offer not be made by the carriers.

Report on Enforcer Project

Mr. Phillips reported on developments concerning the Enforcer Project, referring to his letter on this subject dated July 11, 1973 which had previously been sent to all Directors (a copy of this letter was ordered filed with the minutes of the meeting). The Board discussed the proposed agreement with Lockheed Aircraft Corporation (Lockheed) mentioned in Mr. Phillips' letter. Mr. Siegel stated that the proposal was a giveaway and was unacceptable to him. If Mr. Lindsay had confidence in the project, he should return the Corporation's money, he added. In the ensuing discussion, consideration was given to the Corporation's arrangement with Mr. David Lindsay concerning the Enforcer Project. Mr. Salgo stated he believed that the Board had made it plain to Mr. Lindsay that he would not receive payments until the Corporation had recouped $200,000 and that such a provision should be part of any arrangement on the Enforcer Project.

After discussion and upon motion duly made, seconded and carried by a vote of five directors (Messrs. Barnett, Linowes, Piper, Rochlis and Siegel) in favor, one director (Mr. Phillips) opposed and three directors (Messrs. Martin, Salgo and Wallace) abstaining, it was

> RESOLVED, that the proposed arrangement with Lockheed Aircraft Corporation relating to the Enforcer aircraft as outlined at this meeting be, and it hereby is, rejected by the Corporation.

Mr. Salgo stated that since the Corporation was interested in getting back its investment in the Enforcer Project and since Mr. David Lindsay had an interest in the success of such projects, that perhaps the Board would consider entering into the proposed agreement with Lockheed provided that an arrangement first be worked out with Mr. Lindsay whereby the Corporation would receive the first $200,000 paid by Lockheed and thereafter the Corporation and Mr. Lindsay would divide payments from Lockheed.

Thereupon, upon motion duly made, seconded and unanimously carried, it was

> RESOLVED, that the proper officers of the Corporation be, and they hereby are, authorized to enter into an agreement with Lockheed Aircraft Corporation (Lockheed) substantially on the terms outlined in a letter dated July 11, 1973 from Dudley C. Phillips, Esq. to the

Directors of this Corporation (and filed with the minutes of this meeting) relating to the Enforcer aircraft; provided, however, that prior to the entering into of such agreement with Lockheed this Corporation obtain the agreement of Mr. David Lindsay to the effect that the first $200,000 paid by Lockheed in connection with the Enforcer be paid to, and retained by, the Corporation.

Unionization Efforts

Mr. Phillips reported briefly on the status of efforts to unionize production employees at Vero Beach advising that a law firm in Chicago had been retained to advise the Corporation in this regard.

Discussion of Deferred Compensation Agreements

It was agreed that discussion of the proposed Deferred Compensation Agreements between the Corporation and certain key executives be postponed until the next meeting of the Board.

Piper Aircraft International, S.A.

The Chairman pointed out that in response to a letter from Mr. Siegel, material concerning Piper Aircraft International, S.A. had been distributed to all Directors prior to the meeting.

Expenses of Directors

The Board discussed the question of the expenses of Directors incurred in connection with the business of the Corporation.

Thereupon, upon motion duly made, seconded and unanimously carried, it was

RESOLVED, that each member of the Board of Directors be reimbursed by the Corporation for all expenses incurred by him in connection with the business of the Corporation.

Report on Short Term Borrowings

Mr. Stockton distributed a 1973 Sales and Income Values report and a June to September 1973 Cash Flow Estimate. These were ordered filed with the minutes of the meeting. The Cash Flow Estimate and the Corporation's relationships with its lending banks were discussed by the Board. Mr. Stockton pointed out that as of July 13, 1973 the Corporation's short-term borrowings would be $3,500,000. He also reported that the Corporation had a line of credit with Pittsburgh National Bank for $5,000,000 and with First National City Bank for $2,000,000 with an indication from the Pittsburgh bank that an additional $5,000,000 would be made available to the Corporation.

Mr. Stockton also distributed a letter dated July 12, 1973 to the Board concerning the Corporation's profitablility study which had been distributed with his letter of July 3, 1973. Both letters with attachments were ordered filed with the minutes of the meeting.

At this point the Board adjourned for dinner.

Marketing Report

The Board reconvened after dinner and Mr. Gillespie presented a report on the current backlog of orders and expected sales for fiscal 1974. Mr. Gillespie also outlined the plans of the Corporation to require deposits from customers in connection with new orders.

Discussion of 1984 Note Agreement

In response to a question from Mr. Siegel, Mr. Phillips advised that he was waiting to hear from Mr. Liman concerning the question of a possible default under the Corporation's Purchase Agreements with the holders of its 1984 Notes growing out of the recent Small Business Administration financing.

Adjournment

There being no further business to come before the meeting, the same was thereupon adjourned.

John J. Martin
Secretary

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PIPER AIRCRAFT CORPORATION

REGULAR MEETING

OF THE

BOARD OF DIRECTORS

July 24, 1973

600 Madison Avenue
New York, New York

A regular meeting of the Piper Aircraft Corporation Board of Directors was held on July 24, 1973 at 600 Madison Avenue, New York, New York, commencing at 9:30 a.m.

The following Directors, constituting a quorum, were present:

Lawrence R. Barnett
David F. Linowes
John J. Martin
Dudley C. Phillips
James C. Rochlis
Nicolas M. Salgo
Herbert J. Siegel
David W. Wallace

Unable to attend the meeting were Mr. Joseph M. Mergen, a Director and President of the Corporation, and Mr. W. T. Piper, a Director of the Corporation.

Also present at the invitation of the Board was John C. Taylor, III, Esq., of the firm of Paul, Weiss, Rifkind, Wharton & Garrison.

Mr. Salgo acted as Chairman of the meeting and Mr. Martin as its Secretary.

Discussion of Minutes

It was unanimously agreed that action on the minutes of the Board meetings held on May 24, 1973 and June 18, 1973 should be deferred until a future meeting.

Report on President

Mr. Wallace reported briefly on Mr. Mergen's health, advising that he had talked to Mr. Mergen's doctor in Williamsport, Pennsylvania on this subject. Mr. Wallace said Mr. Mergen appeared to be better but it was unclear when he would be able to return to work. It was agreed that Mr. Barnett should also talk to Mr. Mergen's doctor and to Mr. Mergen himself on this subject.

Ebasco Survey on Insurance Coverage

Mr. Linowes reported that he had received from Mr. Phillips, a copy of the recent Ebasco Risk Management Consultants, Inc. survey of the Corporation's insurance. Mr. Salgo requested that he and Mr. Barnett also be furnished a copy of this survey.

Discussion of Possible Merger

The Board discussed in a general way the possibility of a merger between the Corporation and Gates Lear Jet. In response to a question from Mr. Siegel, Mr. Wallace pointed out that the question of whether Bangor Punta Corporation (Bangor Punta), a significant shareholder of the Corporation, would vote for such a merger would have to be determined by the Bangor Punta Board of Directors and that the action of the Bangor Punta Board would depend on the terms of any proposed merger. He stated further that in his personal view it was not essential to approval by Bangor Punta that following the merger Bangor Punta have control of the resulting entity. If such a merger included a settlement of all the outstanding controversies growing out of Bangor Punta's acquisition of shares of the Corporation, the Bangor Punta Board would undoubtedly be more receptive to a proposal than to one not involving such a settlement, he said.

Mr. Siegel then raised the possibility of discussing merger with either of two other entities which he described. The meeting discussed those possibilities on a preliminary basis.

Report of Audit Committee

At this point Mr. Galle joined the meeting.

Mr. Linowes advised that, as directed at a previous meeting of the Board, the Audit Committee had considered the question of when the fiscal year of the Corporation should end. Presently the Corporation's fiscal year ended on September 30, he noted. In order to provide audited financial figures of the Corporation for Chris-Craft Industries, Inc. (Chris-Craft) at August 31, the end of Chris-Craft's fiscal year, it was necessary for the Corporation's auditors, Arthur Young & Company, to perform extra work, Mr. Linowes said. Mr. Linowes also noted that Bangor Punta's fiscal year ended on September 30. In connection with consideration of a change in the Corporation's fiscal year, Mr. Linowes advised that discussions had been held with the Corporation's auditors as well as with the auditors for Chris-Craft, (Arthur Andersen & Co.) and for Bangor Punta (Peat, Marwick, Mitchell & Co.). A memorandum on this subject from Arthur Young & Company was ordered filed with the minutes of the meeting.

Mr. Linowes stated that, speaking for himself, he believed that the interests of the Corporation could best be served by changing the Corporation's fiscal year to one ending August 31. Among the reasons for this view were, Mr. Linowes stated, a permanent tax savings to the Corporation growing out of the deferral of September 1973's income from the Corporation's 1973 tax year into 1974 and the deferral of the results for each subsequent September into the next tax year and a savings in audit fees since separate audited financial statements at August 31 (needed by Chris-Craft) and September 30 would not be necessary. Mr. Linowes noted that he had been advised that the Corporation could, under applicable Internal Revenue Service rules, elect to change its fiscal year to one ending August 31 without seeking a special tax ruling from the IRS. He also noted that while September was usually the best sales month for the Corporation, it was likely that a significant portion of these sales were due to special sales efforts related to the year-end and it was possible a large part of these sales could be made in August. Mr. Linowes pointed out that Beech Aircraft Company and Cessna Industries, Inc. also had fiscal years ending on September 30 but stated that he did not believe it was necessary that the Corporation have the same fiscal year as its principal competitors.

Mr. Galle advised that, as a member of the Corporation's Audit Committee, he had also considered this matter and he did not agree with Mr. Linowes' conclusions. Mr. Galle said he questioned whether a change would lead to significant tax savings, noting that if the Corporation's tax year began on September 1 rather than on October 1, as was the case at present, the estimated cash tax payment for the Corporation's first fiscal quarter would be due a month earlier. He pointed out the Corporation would incur the expenses inherent in any change in a fiscal year and, in this connection, Mr. Galle noted that the $20,000 cost of the August 31, 1972 audit done for the use of Chris-Craft was not necessarily indicative of the cost of future special August 31 audits, as he had been advised this sum also included the costs of establishing procedures which could be used in future years. Finally, he noted that a change in the Corporation's fiscal year would present problems in making comparisons with prior fiscal periods.

Mr. Siegel pointed out that saving the fees for the additional audit was not the critical factor since those fees were, by agreement, borne by Chris-Craft but that he felt there were other obvious advantages to the Corporation itself.

In the course of the succeeding discussion Mr. Salgo suggested that the question be deferred for further study and that the Corporation pay the costs of this year's August 31 audit rather than charge them to Chris-Craft. Mr. Siegel rejected this suggestion and stated that he believed the matter should be acted on by the Board at the meeting.

Thereupon, after further discussion, Mr. Siegel moved and Mr. Barnett seconded that the following resolutions be adopted:

> RESOLVED, that Article VIII, Section 2 of the By-laws of the Corporation is amended to read in its entirety as follows:
>
> "2. Fiscal Year. The fiscal year shall begin on the first day of September in each year, and shall end on the thirty-first day of the following August."; and
>
> RESOLVED, that pursuant to such amendment, the current fiscal period of the Corporation shall be an eleven-month period to end August 31, 1973; and

RESOLVED, that the officers of the Corporation are authorized and directed to take such steps as may be necessary or appropriate to accomplish such change of fiscal year, including the preparation, execution and filing of appropriate form or forms with the Internal Revenue Service.

The vote on these resolutions being four directors (Messrs. Barnett, Linowes, Rochlis and Siegel) in favor, and four directors (Messrs. Martin, Phillips, Wallace and Salgo) opposed, the resolutions were not carried.

Report of Operations Committee

At this point Mr. William Gunn, Chairman of the Operations Committee, joined the meeting.

Mr. Gunn reported on the activities of the Operations Committee noting that the Corporation's facilities in Lock Haven had been closed since July 13, 1973 for the annual vacation there. He stated that the factory would reopen on July 30, 1973.

Mr. Gunn advised that he had directed that the proposed construction at Lock Haven of a new training facility for PA-31T pilots which involved the expenditure of approximately $28,000 be cancelled. Further, he reported, he had authorized the sub-contracting, at a cost of approximately $30,000, of a portion of the engineering effort for the recently approved Atlit program.

Mr. Gunn reported that, as directed by the Board, work had been commenced on the separate preparation of a fiscal 1974 budget with a projected sales level of $92,000,000 and a second fiscal 1974 budget with a projected sales level of $135,000,000. He stated that it was expected that the $92,000,000 budget would be available for Board review by mid-August.

Messrs. Siegel and Rochlis stated that they thought the preparation of the budgets was being too long delayed, that reduction of personnel and overhead costs had to be accomplished regardless of the level of budget and that those cuts should be begun at the present time without waiting until the middle or end of August for receipt of the budgets. Mr. Siegel asked specifically whether if, on the basis of a $135,000,000 budget, the SG&A costs would be brought in line with budget

by September 30. Mr. Gunn replied that he hoped to accomplish that objective but that each proposed cut would have to be reviewed with the department involved and that such cuts could not be accomplished overnight. Mr. Gunn also stated that he was already preparing to reduce personnel by in excess of 100 people in the Engineering Department and was preparing rough figures on the personnel cuts to be made elsewhere to meet the $135,000,000 budget.

In connection with personnel cuts, Mr. Rochlis asked the extent of the Corporation's obligation for severance pay and asked what plans management had with respect to severance obligations. Since no information on this subject was available to the Board, it was the unanimous sense of the meeting that the Corporation's obligations for severance should be reviewed and that a plan for severance compensation, if any, should be presented to, and examined by, the Board at the earliest possible date so that a sensible plan could be followed as personnel reductions proceeded. Mr. Gunn also reported that it was expected that the $135,000,000 budget would show approximately $13,500,000 in pre-tax income. It was agreed that the 1974 budgets should include a cash flow analysis and that these analyses should be made available to the Board as soon as possible.

Mr. Gunn stated that he and other members of the Operations Committee planned to be at Lock Haven on July 29, 1973 to review the staffing of the various departments and to take appropriate steps to cut overhead and reduce expenses wherever possible.

The Board thereupon discussed the Corporation's inventory. Mr. Gunn pointed out that inventory was presently valued at close to $55,000,000 and that it was expected this level would be maintained with the $135,000,000 budget. He noted that substantial inventory was needed in connection with the 1974 introduction of the PA-31T and the three other new models being introduced by the Corporation. Mr. Siegel stated that in his opinion $55,000,000 was too high an inventory level for a revenue level of $135,000,000 and stressed his belief that inventory and other items should be cut immediately. Mr. Gunn observed that he agreed costs should be cut but stated it was necessary to make these cuts in a way which would not unnecessarily impair the Corporation's ability to achieve maximum profitability in the future. Cuts in overhead involved consideration of many factors including employee morale, corporate priorities and corporate objectives, Mr. Gunn observed.

It was suggested by Mr. Siegel that every effort should be made to get the best terms possible from the various suppliers of the Corporation and it was agreed that Messrs. Stockton and Gunn would look into this question.

Mr. Gunn also reported that the Operations Committee intended to review the Corporation's pricing policies and the justification for the various models comprising the present line of aircraft.

Continuing his report, Mr. Gunn pointed out that for a year and a half there had been customer complaints with respect to one of the models of aircraft manufactured by the Corporation and the frequency with which it needs maintenance and that there did not seem to have been any significant steps taken to satisfy those complaints. He pointed out that the Corporation was run by committee with, in his view, inadequate designation of responsibility and authority. He said there appeared to be too many levels of command in the Corporation and that authority and responsibility should be assigned to people who should then be held totally accountable. In particular, he pointed out the lack of coordination in the Engineering Departments for the various plants, each of which used different forms and different reports, stating that in connection with the cuts being made in the engineering staff, he was considering directing Mr. Marion Dees, a Vice President of the Corporation, to reorganize the Engineering Department so as to combine and make uniform the Lock Haven and Vero Beach facilities. He stated the latter step called for further study and said he expected to consult again with the Board with respect to it.

Mr. Gunn advised that a list of projects proposed for fiscal 1974 by Management had been prepared and a tentative order of priorities established for these projects. This list had been distributed to the Operations Committee, he said, and would be considered by them.

Mr. Siegel then stated that he wished the record to reflect very clearly his view that a $55,000,000 inventory for a $135,000,000 revenue company is not a satisfactory operating inventory level and his conviction that the Corporation could and should be cutting personnel and overhead against the number of units they were producing. He stated that he had been urging the Corporation to tighten the belt for the past three months. Mr. Wallace stated that he did not disagree with the position that a $55,000,000 inventory level appeared too high and stated his view that the composition of the inventory should

be made known to the Board. Mr. Siegel also referred to slipping margins, stating that in his view the margins would soon reach a dangerously low level and that SG&A expense was, in his view, wildly out of line. He stated that in his view $2,000,000 should be removed from overhead immediately. In reply to Mr. Siegel's charge that cuts were not being made with sufficient speed, Mr. Gunn pointed out that he (Mr. Gunn) and the Board should be concerned with having the Corporation profitable next year and that overhead cuts needed to be considered in this light. He stated also that he had been deeply involved in the Corporation's affairs only for a few days and that all personnel of the principal plant had been on vacation during that period.

At this point Mr. Taylor left the meeting.

The Board briefly discussed the Corporation's efforts in the area of product safety, Mr. Gunn advising that this also was being reviewed by the Operations Committee.

Report on Short-Term Borrowings

At this point Mr. Stockton joined the meeting. Mr. Stockton reported on short-term borrowings by the Corporation advising that the situation was essentially the same as set out in the Cash Flow Estimate distributed at the July 12, 1973 meeting of the Board. He advised that the $2,000,000 cash item listed under "Special Recovery" in the July figures contained in such estimate had not been received. This sum represented the Corporation's claim against its insurance carriers for damages growing out of the 1972 flood. The Board briefly discussed the cash needs of the Corporation and its borrowings from banks.

In response to a question, Mr. Stockton reported that August sales appeared to be as predicted in the Cash Flow Estimate and that to his knowledge no new vendor problems had come up.

At this point Messrs. Galle, Gunn and Stockton left the meeting.

Report on 1984 Notes

Mr. Phillips advised that he was waiting to hear from Mr. Arthur Liman as to his views on what steps should be taken to clarify that no default under the Agreements with the holders of the Corporation's 1984 Notes had occurred. It was agreed that Mr. Phillips should contact Mr. Liman on this matter as soon as possible.

Adjournment

There being no further business to come before the meeting, the same was thereupon adjourned.

John J. Martin

ARTHUR YOUNG & COMPANY

1413

BANGOR PUNTA

RECEIVED

JUL 2 : 1973

FINANCIAL DEPT.

277 PARK AVENUE
NEW YORK, N.Y. 10017

MEMORANDUM

July 20, 1973

To: Mr. Stephen Galle
Mr. David Linowes
Mr. Richard Stockton

Gentlemen:

At your request we are summarizing certain points for your consideration in connection with the possible change in Piper's fiscal year-end from September 30 to August 31. We recognize that officials at Bangor Punta, Chris-Craft and Piper Aircraft may have different points of view on some of these matters, but we have not yet explored the subject fully with them.

1. Under present circumstances a change in Piper's fiscal year-end from September 30 to August 31 is simple to accomplish, and does not have any significant adverse tax consequences. PAI does not present any significant problems either.

2. If PAC's year-end were changed to August 31 and only one set of audited financial statements were required at each year-end there should be:

   (a) A reduction in audit fees (of something approximating $20,000 based on 1972 experience),

   (b) Savings in time and effort expended by Company employees in a double closing,

   (c) A reduction in the amount of interim information prepared for public exposure.

3. In the recent past the valuation of the inventories based on an all-at-one-time physical inventory at August 31 has been the major factor in establishing the time at which the year-end financial statements and the audit are completed. Accordingly, a change in the fiscal year-end without a change in the date at which the physical inventory is taken (from August 31 to July 31 for example) would not make audited financial statements available at a significantly earlier time.

4. If the physical inventory were taken as of July 31, immediately after the plant shut-down, preparations made during the last few days of the shut-down could make it possible to have a more efficient and less time-consuming inventory count and reconciliation. On the other hand, a change from the long established timetable of plant shut-downs and inventories would require the cooperation of the administrative staff and certain union personnel. We do not believe this degree of cooperation should be probitively difficult to obtain.

5. An accelerated August 31 closing would produce audited financial statements which would permit Chris-Craft to complete its year-end financial reporting requirements more promptly and should have no effect on the timing of preparation of Bangor Punta's year-end statements. It would, however, eliminate from Bangor Punta's accounts its share of Piper's earnings for the month of September in the current year. In subsequent years this should not be a significant factor since the results for the September of the preceding year would be included. For 1973, however, the replacement of the results for September 1973 by the results for September 1972, a month influenced materially by the flood, would have an adverse effect on Bangor Punta's equity pick-up.

6. PAC's major competitiors have fiscal years ending September 30. PAC's change to August 31 would have some effect on the comparability of its figures with those of its competitors. On the other hand it would, if it so desired, be the first company able to publish its year-end results.

7. September has traditionally been a big sales month at PAC, largely, we understand, because of the Company's intensive "fly-away" program. We have heard conflicting opinions as to whether or not the large September sales are because of the time of year or the emphasis placed on getting deliveries made before the fiscal year ends. The weight of opinion seems to support the latter conclusion.

We will be pleased to discuss this subject further with you at any time.

Arthur Young & Company

DEFENDANTS' BT

1415

PIPER AIRCRAFT CORPORATION

REGULAR MEETING

OF THE

BOARD OF DIRECTORS

January 23, 1974

One Greenwich Plaza
Greenwich, Connecticut

A regular meeting of the Board of Directors of Piper Aircraft Corporation was held on January 23, 1974 at One Greenwich Plaza, Greenwich, Connecticut commencing at 9:30 a.m.

The following Directors, constituting a quorum, were present at the meeting.

Lawrence R. Barnett
Joseph M. Bergen
John J. Martin
Dudley C. Phillips
James J. Rochlis
Nicolas M. Salgo
Herbert J. Siegel
David W. Wallace

Unable to attend the meeting were Messrs. Piper and Linowes, Directors of the Corporation.

Also present at the invitation of the Board were William G. Gunn, Chairman of the Operations Committee of the Corporation; Stephen Galle, a member of the Operations and Audit Committees of the Board; Thomas W. Gillespie, Senior Vice President-Marketing and Sales of the Corporation; Richard B. Stockton, Vice President-Finance of the Corporation; John C. Taylor, 3rd, Esq. of the firm of Paul, Weiss, Rifkind, Wharton & Garrison; and James V. Ryan, Esq. of the firm of Webster Sheffield Fleischmann Hitchcock & Brookfield.

Mr. Salgo acted as Chairman and Mr. Martin as Secretary of the meeting.

Discussion of Minutes

The Chairman stated that he had been advised by the Secretary that he was awaiting the comments of Arthur L. Liman, Esq. on the draft of the minutes of the December 5, 1973 meeting of the Board which had been distributed prior to the meeting. The Chairman observed that he had also suggested to the Secretary certain changes be made in the draft of the minutes.

It was agreed that action on the minutes of the meeting of December 5, 1973 be deferred until the Secretary had received Mr. Liman's comments, revised the minutes to reflect all comments and circulated revised copies to the Directors.

Distribution of Material

The Secretary noted that certain material had been distributed to all Directors present prior to the meeting. This material consisted of the Corporation's 1973 Annual Report to its shareholders, a January 21, 1974 Personnel Summary, copies of a January 3, 1974 Press Release, a January 9, 1974 letter from Mr. W. T. Piper, Jr. to Mr. Nicolas M. Salgo, a January 18, 1974 letter from the Securities and Exchange Commission to John J. Martin, Esq. and a January 22, 1974 memorandum from Patrick J. Walsh, Esq. to John J. Martin, Esq.

Remarks of Mr. Morgen

Mr. Morgen stated that he believed it would be appropriate to change somewhat the order of the agenda and to begin the meeting by having Mr. Gillespie, Senior Vice President-Marketing and Sales of the Corporation present to the Board a report on the present status of the 1974 sales projections of the Corporation, taking into account the expected impact of the energy crisis.

Report of Senior Vice President-Marketing and Sales

Mr. Gillespie thereupon reported to the Board. He began by reviewing the expected 1974 sales contained in the 1974 Plan of the Corporation as adopted by the Board in September 1973, the allocation of expected 1974 sales among the Corporation's foreign and domestic distributors, the Corporation's deposit procedure and the method used to confirm

distributor's allocations on a quarterly basis. Mr. Gillespie then reported on first fiscal quarter sales and outlined the steps being taken by the Marketing Department to evaluate the impact of the energy crisis on the Corporation's customers. He pointed out that, shortly after President Nixon's November speech to the nation on the energy crisis, all distributor's had been requested to re-assess their expected 1974 need for aircraft. Other steps taken in connection with the energy crisis, Mr. Gillespie advised, were: (i) a recent meeting with the domestic distributors on this subject, (ii) regular contact by regional sales managers with all distributors, (iii) a daily review of the situation regarding orders at Lock Haven and (iv) frequent meetings of marketing department personnel and distributors. Mr. Gillespie indicated that some cancellation of aircraft allocations had been received from domestic and international distributors and that most of the aircraft involved had been placed in the international market where demand remained high. While most international distributors reported continued confidence in their ability to sell their 1974 allocation, there were some exceptions to this confidence, Mr. Gillespie said, the most notable being the distributor in the United Kingdom. Mr. Gillespie advised that seventeen of the planes cancelled had as yet not been resold and that out of the second quarter estimated production of aircraft, only eight aircraft remained unsold and unassigned to distributors (five PA-31P aircraft and three Cherokee 6 aircraft). He added that he expected that these aircraft, having an aggregate value of about $1,550,000, would be sold shortly. Mr. Gillespie concluded by stating that, while present indications were that the planned 1974 output of the Corporation could and would be sold, a continuing close evaluation of expected demand was required. He said that present plans were to ship $6,000,000 more in the second quarter than budgeted because of delays in shipment in the forth calendar quarter of 1973.

In response to questions from Mr. Salgo and Mr. Siegel Mr. Gillespie reported that the Corporation's distributors at present did not seem to be having problems financing their purchases from the Corporation and that the level of distributor inventory was about the same as in previous years.

Discussion of Inventory

Mr. Mergen stated he would like Mr. Stockton to report to the Board on certain aspects of the Corporation's inventory situation. Mr. Stockton observed that the material

contained in his report had been sent to all Directors prior to the meeting. [Mr. Siegel observed that he had read this material and expressed his strong belief that it was superficial and an inadequate explanation and that repetition of the material would not be helpful to the Board.]

Mr. Mergen thereupon reviewed the inventory situation of the Corporation referring to a chart showing the Corporation's inventory broken down into a number of its components. These components depicted, on an actual and projected basis for the period from October 1973 through March 1974, the inventory level of the following: supplies; company planes; parts for finished planes; work in process; raw materials and purchased parts; and work in process plant. The chart also showed the inventory for the same period associated with the following aircraft; PA-31T; PA-25; PA-40; and PA-36 and the amount of inventory carried at the Lakeland facility.

Mr. Mergen pointed out that the chart demonstrated that a significant amount of inventory was being carried for the four listed aircraft none of which were presently contributing to sales. Mr. Mergen also noted that, a December 31, 1973 inventory level of slightly over $51,000,000 excluding non-revenue producing aircraft, but including the inventory at Lakeland, had resulted and that by the end of March a comparable inventory level was projected at $42,500,000 (excluding Lakeland, the March figure was expected to be approximately $38,000,000 he said).

Mr. Mergen said, that as the Board had been advised, maintaining production lines for Navajo aircraft both at the Lakeland and Lock Haven facilities required a higher inventory level than would be the case if only one facility produced this aircraft. He noted that the establishment of the Lakeland facility had been approved by the Board. Further, Mr. Mergen observed that, when the presently non-revenue producing aircraft began to be sold, the relationship of inventory to sales would be reduced.

As to company planes Mr. Mergen reported consideration was being given to the sale and leaseback of three PA-31T Cheyennes expected to be used by the Corporation as demonstrators.

Mr. Mergen stated that the component shortages which had occurred in 1973 had adversely affected productivity and had caused inventory levels to be higher than he liked. As an example of this he mentioned parts shortages which had prevented the completion of aircraft in time to be included in December

sales. These shortages were now clearing up and this fact along with other steps being taken to reduce inventory, would result in significant reductions of inventory, he said.

Mr. Mergen concluded his report by stating that if the actual and projected inventory levels were not satisfactory to the Board, he would be willing to resign.

Discussion of Resignation of President

It was agreed that non-directors (except for Messrs. Ryan and Taylor) should leave the meeting while the Board discussed Mr. Mergen's offer to resign. At this point, Messrs. Gunn, Gillespie and Stockton left the meeting.

Mr. Wallace suggested Mr. Mergen might prefer to leave the meeting during the discussion. Mr. Siegel observed that what he had to say on the subject would be said whether or not Mr. Mergen was present. Mr. Mergen stated in order to insure a frank discussion he believed it best that he excuse himself and he thereupon left the meeting.

Mr. Siegel stated that, in his view, Mr. Mergen's resignation should be accepted as he believed that the results of the Corporation had been atrocious and that the budgets of the Corporation were easy targets to meet but that current management had not met them. He stated that a search should be made for a new President immediately and that a new management team should be hired so that the Corporation's performance could be improved.

Mr. Wallace stated that while he disagreed with Mr. Siegel as to the reasons, he did agree that Mr. Mergen's offer to resign should be accepted and a new President be recruited. Mr. Wallace said that any new President should be acceptable to both Chris-Craft and Bangor Punta and have the support of both companies. He suggested that until a permanent President and Chief Executive Officer was appointed Mr. William G. Gunn, Chairman of the Operations Committee be appointed interim chief executive officer.

Mr. Siegel stated he did not believe Mr. Gunn was capable of running the Corporation and that if Mr. Wallace wanted to make him interim president of the Corporation he could, but he and the Chris-Craft Industries, Inc. (Chris-Craft) representatives present would vote against it. Mr. Wallace replied that he was not suggesting Mr. Gunn be the permanent President and Chief Executive Officer of the Corporation but rather that Mr. Gunn was the best qualified person to run the Corporation until a permanent President was found.

Mr. Wallace noted that Mr. Siegel had suggested in the summer that he (Mr. Siegel) look for a new President for the Corporation and that at that time he had encouraged Mr. Siegel's doing this. Mr. Wallace said, since Mr. Siegel had not previously told him the results of that inquiry he wondered what the results had been. Mr. Siegel replied that he had contacted a number of people but none were interested in coming to work for the Corporation and reporting to Bangor Punta Corporation (Bangor Punta). Mr. Wallace pointed out that the President of the Corporation reported to the Board of Directors and not to Bangor Punta and that this was why he felt it appropriate for the entire Board to unanimously agree on who would be the new permanent President.

Mr. Wallace stated further he felt Mr. Mergen should be asked to remain as a consultant to be available to the Corporation during the transition to a new President. The Board thereupon discussed a consultant arrangement for Mr. Mergen and it was agreed he should be offered such an arrangement at his present salary through March 31, 1974 and thereafter at the rate of $25,000 per year until June 30, 1974, providing he was available at reasonable times to the Corporation during this period.

Mr. Wallace said again that he believed Mr. Gunn should be given the interim responsibility of being chief executive of the Corporation. He stated his belief that it was appropriate for one or more of the directors designated by Chris-Craft to participate with Mr. Gunn in the management of the Corporation and suggested that the Corporation be operated by the Operations Committee which had already been established. Mr. Barnett said he did not believe this would work out since, in the past, Mr. Gunn had not called meetings of the Operations Committee.

Mr. Wallace stated that he believed Mr. Gunn, who had an outstanding background in manufacturing and who, as a result of his activities as Chairman of the Operations Committee, was familiar with the Corporation's affairs, would make an excellent choice for interim president. As for the Operations Committee, Mr. Wallace suggested the Board direct that regular meetings of the committee be held to meet Mr. Barnett's objections.

Mr. Siegel stated at this point that he was prepared to go personally to Lock Haven with his team and that he would "clean house" there in short order. Mr. Rochlis thereupon moved that Mr. Siegel be appointed interim chief executive of the Corporation with the understanding that Mr. Siegel attempt at the same time to get a permanent President for the Corporation.

The Board discussed the obtaining of a President for the Corporation. During their discussion Mr. Wallace restated his views on the desirability of having a permanent Chief Executive acceptable to both Chris-Craft and Bangor Punta. Mr. Siegel suggested that the Board consider using a firm run by Mr. John De Lorean, a director of Chris-Craft, to consider the requirements for a permanent President and recommend to the Board persons to fill the position. Mr. Wallace stated that the proposal of Mr. Siegel was acceptable to him provided he first had a chance to meet with Mr. De Lorean to discuss the matter.

Thereupon, on motion duly made, seconded and unanimously carried it was

> RESOLVED, that Mr. David W. Wallace and Mr. Herbert J. Siegel be, and they hereby are, constituted a committee of the Board to select and recruit persons to be considered by the Board for the position of President of the Corporation; and
>
> RESOLVED, that Mr. Herbert J. Siegel be, and he hereby is, authorized to retain the firm headed by Mr. John De Lorean for the purpose of analyzing the requirements for the position of President of the Corporation and recommending persons for such position; provided, however, that prior to the making of any commitment with such firm Mr. Wallace meet with Mr. De Lorean and approve the proposed arrangement; and
>
> RESOLVED, that Mr. Herbert J. Siegel be, and he hereby is, authorized to agree with the firm headed by Mr. John De Lorean that the Corporation pay such firm up to $50,000 in connection with the assignment authorized in the preceding resolution.

It was observed at this point that perhaps separate discussions of the matters before the Board would be helpful and Messrs. Taylor, Siegel, Rochlis and Barnett left the meeting. After a few minutes, these gentlemen returned to the meeting.

Mr. Rochlis then stated that he wanted to again move that Mr. Siegel be appointed interim chief executive officer of the Corporation. The reason he was making this motion he said was because "we will be running the company in the near future and want to be sure there is a company to run." Mr.

Phillips noted that he disagreed that Chris-Craft would be running the Corporation in the near future. Mr. Siegel added that, in his opinion, Mr. Gunn could not do the job, that one man had to have authority to do it and that a committee clearly would not work, as had been demonstrated by past experience.

After further discussion it was suggested that Mr. Mergen be invited back into the meeting and Mr. Mergen thereupon rejoined the meeting. The Chairman reviewed briefly the discussions which had taken place in his absence.

Thereupon, upon motion duly made, seconded and unanimously carried (with Mr. Mergen abstaining) it was

> RESOLVED, that the resignation of Mr. Joseph M. Mergen, as President of the Corporation be, and it hereby is, accepted, effective immediately, and
>
> RESOLVED, that Mr. Joseph M. Mergen be, and he hereby is, retained as a consultant to be available as required by the Corporation until the end of June, 1974, and
>
> RESOLVED, that Mr. Mergen's salary, as a consultant be at his present salary as President until March 31, 1974 and at the annual rate of $25,000 a year from April 1, 1974 until June 30, 1974.

At the request of Mr. Wallace, Mr. Mergen agreed to continue as a Director of the Corporation.

Mr. Rochlis thereupon renewed his motion that Mr. Herbert J. Siegel become interim chief executive officer on the basis that Chris-Craft expected to run the Corporation in due course and wanted to be sure there was a Corporation to run. Mr. Phillips again pointed out that he disagreed that Chris-Craft would be running the Corporation in the future.

Mr. Rochlis' motion was seconded and voted upon. The vote on such motion being four (Messrs. Martin, Phillips, Salgo and Wallace) against, three (Messrs. Siegel, Rochlis and Barnett) for, and one (Mr. Mergen) abstention, the motion was defeated.

Mr. Wallace stated he would move that the Operations Committee be given the responsibility of running the Corporation and that Mr. William G. Gunn as Chairman of such Committee

be appointed interim chief executive officer of the Corporation. Further he said he would move that the Operations Committee be directed to hold meetings at least once a week until a permanent President acceptable to both Chris-Craft and Bangor Punta was selected. He stated his motion was a step towards having a "regency" for the Corporation as had been suggested by Judge Milton Pollack at a recent meeting held in connection with the Bangor Punta, Chris-Craft litigation. Such a regency was acceptable to Bangor Punta, Mr. Wallace observed.

Messrs. Rochlis and Barnett stated that the Operations Committee headed by Mr. Gunn had never been able to operate effectively, that there was no reason to believe it would be effective in the future and that the nature of problems required leadership and decision making by one man serving on a full time basis - not a committee. They stated that they were therefore resigning from the Committee, effective immediately. Mr. Siegel stated he didn't think Mr. Gunn was capable of being interim chief executive officer and that Mr. Gunn had no concrete program for the Corporation. He stated further that he would hold the Bangor Punta directors personally responsible if results were not satisfactory and that because he had no confidence in Mr. Gunn, the Chris-Craft designees would not continue to serve on the Operations Committee.

Mr. Salgo stated he had confidence in Mr. Gunn based on his experience at Smith & Wesson where Mr. Gunn had an outstanding record. He noted also that Mr. Gunn was no longer actively engaged in the management of Smith & Wesson and could devote his full attention to the Corporation. Mr. Wallace also pointed out that Mr. Gunn had an excellent background in manufacturing and noted that in connection with his activities as Chairman of the Operations Committee he had in recent months become familiar with the Corporation's operations.

Mr. Wallace stated in view of Messrs. Barnett and Rochlis's resignations from the Operations Committee, he would nominate Mr. Gunn as interim president of the Corporation but would withdraw that part of his motion concerning the Operations Committee. Mr. Siegel observed again he wanted it to be clearly understood that Chris-Craft would hold the Bangor Punta directors and Mr. Gunn personally liable if things did not go satisfactorily and that he wanted Mr. Gunn to understand that the Chris-Craft directors had voted against his election and did not think he could do the job.

Thereupon, upon motion duly made, seconded and carried by a vote of five (Messrs. Martin, Morgen, Wallace, Phillips and Salgo) in favor and three (Messrs. Siegel, Rochlis and Barnett) opposed, it was

ONLY COPY AVAILABLE

RESOLVED, that Mr. William G. Gunn be, and he hereby is, appointed interim president of the Corporation, to serve, until such time as a permanent President be elected, with all the authority and duties of the President set out in the By-Laws of the Corporation and with such additional authority and duties as may be granted from time to time by the Board of Directors.

Mr. Gunn was thereupon asked to join the meeting. The Chairman briefly reviewed with Mr. Gunn the resolutions passed by the Board advising him that the Board had appointed him interim president of the Corporation. The Chairman observed that Mr. Gunn should be aware that the Chris-Craft directors felt he was not capable of running the Corporation and had voted against his election.

Mr. Gunn stated he would accept the assignment of interim president on the condition that he could call on Messrs. Barnett and Fechlis for their advice and information. He stated that in connection with the Operations Committee both these gentlemen had put in a great deal of time learning about the operations of the Corporation and he respected their views on the operation of the Corporation. Mr. Gunn stated that he had become familiar with the Corporation in recent months and that he believed the Corporation needed firm leadership, that inventory needed to be reduced in an orderly manner and that productivity should be improved. He said he would work to accomplish all of this as rapidly as possible and that he thought this could be done. Mr. Siegel said he hoped very much Mr. Gunn would succeed and that all of the Chris-Craft directors would try to help him do so.

Mr. Siegel stated he agreed completely with what Mr. Gunn had said and stated that for six months he had been making the point that what Mr. Gunn was planning to do should be done.

Mr. Siegel stated further that any press release on Mr. Mergen's resignation and Mr. Gunn's appointment should reflect the fact that Chris-Craft had voted against Mr. Gunn's appointment.

Mr. Gunn concluded the discussion by stating that as interim president he did not want to become involved in any controversy between Chris-Craft and Bangor Punta but rather would endeavor to run the Corporation in a business-like manner and report to the entire Board of Directors.

Discussion of Lakeland Paint Shop

It was pointed out that construction of the proposed paint shop at Lakeland had been deferred until a clearer understanding of the affects of the energy crisis on the Corporation's business was available. Mr. Gunn said Management now recommended that work go forward on this project as the paint shop was vital to efficient running of the Lakeland facility and would in the long run represent a saving to the Corporation. It was noted that information concerning capital expenditures for 1974 had been included in the Fiscal 1974 First Quarter Review to Revised Planning Projections, dated January 15, 1974 which had been sent to all Directors prior to the meeting. Mr. Siegel observed that he believed that capital expenditures should be limited to the amount of depreciation and amortization and was told this amount would be exceeded if work on the paint shop was commenced. Mr. Gunn said every effort would be made to hold capital expenditures to the lowest practicable level. It was suggested that the capital expenditures needed to construct a paint shop at Lakeland be authorized even though such expenditures might result in capital expenditures for 1974 exceeding the aggregate 1974 depreciation and tooling amortization with the understanding that every effort to keep capital expenditures down be made.

After discussion and upon motion duly made, seconded and unanimously carried, it was

> RESOLVED, that the capital expenditures associated with the construction of a paint shop at the Lakeland facility as recommended by the Management of this Corporation at this meeting be, and they hereby are, approved.

Authorization of Signatories for Lakeland Bank Account

The Chairman observed that in connection with the Lakeland facility, the Board had authorized the establishment of a bank account in a bank in Polk County, Florida as a depository for the funds of the Corporation. He stated it would be appropriate to authorize Mr. William D. Polk, the Plant Controller at Lakeland to be an authorized signatory for such account.

Thereupon after discussion and upon motion duly made, seconded and carried, it was

> RESOLVED, that such bank or banks located in Polk Country, Florida as may be designated in writing by the President or Vice

President-Finance of the Corporation as depository for the funds of the Corporation to be used for employee and payroll accounts be, and they hereby are, authorized to make payments from the funds of the Corporation on deposit with it, upon check, draft, note, bill of exchange or acceptance of this Corporation signed by either Richard B. Stockton, Vice President-Finance of this Corporation, John R. Leeson, Treasurer of this Corporation, Jack C. Cattoni, Controller of this Corporation or William D. Polk, Plant Controller of the Lakeland facility of this Corporation.

Discussion of Registration Statement

The Secretary reported that as indicated in a letter from the Securities and Exchange Commission (the SEC) distributed prior to the meeting, the Corporation had been told to register its common stock with the SEC as part of Bangor Punta's rescission offer being made to former shareholders of the Corporation. He stated at an appropriate time material on this Registration Statement would be distributed to the Board and they would be requested to sign the Registration Statement.

Mr. Taylor stated he thought the Board should be aware of the position of the Chris-Craft directors that the Corporation should not become involved in Bangor Punta's Registration Statement nor be liable for claims growing out of it. He stated he would like an opportunity to discuss this matter further with Bangor Punta's representatives.

Discussion of Embrear

The Board briefly discussed the status of negotiations with Embrear concerning the sale of aircraft kits to that company.

Next Regular Meeting of the Board

The Secretary observed that Mr. Linowes was unavailable for meetings on Wednesdays and therefore, the proposed schedule of regular meetings sent out prior to the meeting would have to be revised. It was agreed this would be done at a future meeting and that the next regular meeting should be held in New York on February 25, 1974.

Distribution of Letters

The Secretary thereupon distributed a letter dated January 18, 1974 from Mr. W. T. Piper, Jr. to Mr. Siegel.

Adjournment

There being no further business to come before the meeting, the same was thereupon adjourned.

John J. Martin

PIPER AIRCRAFT CORPORATION

REGULAR MEETING

OF THE

BOARD OF DIRECTORS

February 25, 1974

Pinnacle Club
150 E. 42nd St.
New York, New York

A regular meeting of the Board of Directors of Piper Aircraft Corporation was held on February 25, 1974 at the Pinnacle Club, 150 E. 42nd Street, New York, New York commencing at 9:30 a.m.

The following Directors, constituting the entire Board, and a quorum, were present at the meeting.

Lawrence R. Barnett
David T. Linowes
John J. Martin
Joseph M. Morgen
Dudley C. Phillips
William T. Piper, Jr.
James J. Rochlis
Nicolas M. Salgo
Herbert J. Siegel
David W. Wallace

Also present at the invitation of the Board were Mr. William G. Gunn, interim president of the Corporation; Richard B. Stockton, Vice President-Finance of the Corporation; Arthur L. Liman, Esq. of the firm of Paul, Weiss, Rifkind, Wharton & Garrison; James V. Ryan, Esq. of the firm of Webster Sheffield Fleischmann Hitchcock & Brookfield and Messrs. John Z. De Lorean and Chauncey Dirks of The John Z. De Lorean Corporation.

Mr. Salgo acted as Chairman and Mr. Martin as Secretary of the meeting.

Approval of Minutes

Mr. Liman stated that he had changes to suggest in the previously circulated draft of the minutes of the December 5, 1973 regular meeting of the Board that he would give to the

Secretary shortly. Further, Mr. Liman said, since a draft of the minutes of the January 23, 1974 regular meeting had only been received by him four days ago he had not had a chance to review these minutes. He suggested that action on the minutes of both meetings be deferred and it was agreed that this should be done.

Report on Operations

Mr. Gunn reported to the Board on recent operations of the Corporation. He advised that demand for the Corporation's aircraft continued strong and that sales in January had been good with every indication that February would also be an excellent month.

Mr. Gunn reported that, because of a strike at the plant where engines for the new Cheyenne turbo-prop aircraft were produced, problems in obtaining engines for that aircraft were expected. Further, Mr. Gunn stated that there was a possibility of a strike at the Lycoming Engine Division of Avco Manufacturing Company in June or July. As Lycoming supplies the engines used in most of the Corporation's aircraft, such a strike could cause serious production problems, he said. Every effort would be made to limit the affect of these labor problems on the Corporation.

Mr. Gunn advised that the PA-25 Pawnee Brave crop-dusting aircraft was back in production and that Continental Teledyne, the manufacturer of the engine used in this aircraft was now shipping engines with modified crankshafts to the Corporation. He reported that the Corporation was discussing with Continental, the question of responsibility for the correction of the crankshafts in the aircraft sold by the Corporation before becoming aware of the problem.

Mr. Gunn noted in his report that the PA-18 Super Cub was in production again at the Lock Haven facility. He also stated that the Corporation was considering the desirability of manufacturing crop-dusting planes at one plant rather than at both Lock Haven and Vero Beach as was the current practice.

Mr. Gunn reported that Mr. Marion Dees was consolidating the Corporation's engineering department and that he and Mr. Dees were hopeful that economies would result from having all engineering under Mr. Dee's supervision.

Mr. Gunn advised that the Corporation was evaluating the desirability of producing a new trainer and he added that he personally felt it absolutely necessary that the production by the Corporation of a new trainer be given a top priority.

Mr. Gunn reported that the Corporation had filed an application for a price increase with the Federal Cost of Living Council.

Mr. Gunn stated that he wanted the record to be clear concerning the capital expenditures involved in the construction of a paint shop at the Lakeland plant. He stated the present estimate was that this project would cost $606,019 and that this figure covered complete construction of the paint shop and the purchase and installation of the necessary equipment for the shop. Mr. Siegel suggested the Corporation have the contractor involved furnish a completion bond. It was pointed out that such a Bond would add to the cost of the facility but it was agreed after discussion that a completion bond should be obtained.

Thereupon, after discussion, and upon motion duly made, seconded and unanimously carried it was

> RESOLVED, that the proper officers of this Corporation be, and they hereby are, authorized to spend up to $625,000 for the construction and equipment of a paint shop at the Lakeland facility of the Corporation substantially on the terms outlined at this meeting with the understanding that such sum include the costs associated with obtaining a completion bond or bonds from the contractor or contractors involved.

Mr. Siegel inquired whether the physical location of the paint shop would interfere with the expansion of the manufacturing facilities and he was advised by Mr. Mergen that the paint shop was located in such a manner that future expansion of production facilities would not be hampered.

Mr. Gunn advised that Boeing Aircraft Corporation had requested that the Corporation consider the possibility of building railroad mass transportation cars at Lock Haven and had submitted a proposal in this regard. He stated that with the shift of the Navajo production at Lakeland, it would probably make production capacity available for the construction of such cars. Mr. Gunn stated he would like approval of the Board to study and verify the information contained in the Boeing proposal and said that he thought the authorization of an expenditure of $5,000 for such a study would be sufficient. Mr. Gunn noted that the Boeing proposal contemplated the installation by the Corporation of equipment and tooling, costing around $2,000,000 for the manufacture of the railroad cards but he indicated that Boeing was agreeable to financing this in some way.

Thereupon, upon motion duly made, seconded and unanimously carried, it was

RESOLVED, that the proper officers of the Corporation be, and they hereby are, authorized to spend up to $5,000 in order to study and evaluate a proposal of Boeing Aircraft Corporation concerning the production of mass transit railroad cars by the Corporation.

Mr. Gunn stated that the Board should be aware that a new, separate, avionics installation shop was being installed on the production line at Lock Haven. This was a project initiated by Mr. Mergen, he said, and it would enable the Corporation to furnish at a profit a service to its customers that was presently done by others after aircraft were delivered.

Mr. Gunn also reported that representatives of Bellanca Aircraft Company had contacted him concerning the possibility of that company manufacturing some of the Corporation's aircraft or even possibly merging with the Corporation. It was pointed out by Mr. Wallace that the Corporation had had discussions with Bellanca in previous years and nothing had come of them. After a brief discussion it was agreed that this matter should not be pursued.

Financial Report

Mr. Stockton reported that, as Mr. Gunn had stated, January had been an excellent sales month with sales reaching $14,900,000, the second highest monthly sales volume in the Corporation's history. He stated fiscal year sales to January 31, 1974 for the Corporation had been $50,800,000 with an after tax profit of $1,800,000. Mr. Stockton stated that inventory had declined by $2,020,000 in January and that every major inventory category as reflected on the Corporation's balance sheet had shown a decrease from the previous month. He indicated that because of the addition of Cheyenne aircraft to the finished plane inventory turned over to marketing and the increased production of Navajo's at Lakeland, finished plane inventory in the hands of marketing had increased during January.

It was expected, Mr. Stockton said, that sales for February would be around $12,000,000 and those for March around $13,000,000 and that this would mean sales for the quarter ending March 31, 1974 would be approximately $40,000,000, an all-time quarterly high for the Corporation. It was not expected that sales would continue at this level for the balance of the fiscal year, he pointed out. Mr. Stockton also stated that it was expected based on present sales projections that by March 31, 1974, the inventory level would be below $55,000,000 and possibly would be $54,000,000.

Mr. Siegel thereupon observed that the $54,000,000 inventory level contained in the original 1974 Plan of the Corporation was unacceptable to Chris-Craft and that he thought achieving it was an easy target. Further he stated, profits were substantially below the original 1974 Plan and that the expected after-tax profit of $1,800,000 for the quarter was unacceptable. He added that $14,000,000 in monthly sales meant sales of $180,000,000 a year and that a pre-tax profit of ten percent of sales was to be expected.

Mr. Siegel stated the original plan, in his estimation, was a minimum and if the Management of the Corporation could not achieve the results of the original 1974 Plan, he felt the Corporation needed new management.

Mr. Siegel inquired as to what was being done to keep expenditures down. Mr. Gunn replied that corporate expenditures were under control and that, in particular, a strict watch was being kept on capital expenditures and purchases.

Mr. Siegel observed that the Finance Department seemed to be growing. Mr. Stockton stated three keypunch operators had been added to the Finance Department in order to get raw material in process information onto the computer.

Mr. Siegel asked again whether it was expected that inventory would be less than $54,000,000 before the end of the fiscal year. Mr. Stockton stated he thought the inventory of the Corporation would be close to that figure at that time and that another projection would be made in April when a better estimation of year-end inventory could be reached.

Mr. Stockton reported that the Corporation's cash position was good with payments being made by the Corporation's customers within the Corporation's credit terms.

Mr. Stockton pointed out the Corporation was experiencing a high amount of labor hours in producing aircraft and that efforts were being made to improve this situation. Efforts were also being made to cut down the lead time needed to produce an aircraft, Mr. Gunn said, and he added that a better system of scheduling the production of aircraft was being developed. He mentioned that the extreme parts shortages which had slowed production and impaired efficiency had significantly lessened, and, as a result, he expected an improvement in efficiency and lower labor hours for the production of aircraft.

Mr. Gunn stated that the project to pressurize the Chieftan had been deferred because in the view of Management this was not a priority project at this time. He did think, Mr. Gunn said, that as previously discussed, development of a new trainer was important to the Corporation and that work on this should continue.

At this point information concerning the results of Beech Aircraft Company for the quarter ending December 31, 1973 were distributed and the Secretary was instructed to send a copy of such information to the members of the Board.

Mr. Gunn stated that no new capital expenditures by the Corporation could be made unless he personally approved them. He also stated every effort would be made to keep the aggregate of capital expenditures for the fiscal year (excluding those associated with the Lakeland Paint Shop) below the annual amount of depreciation and tooling authorization.

In connection with reducing overhead, Mr. Gunn pointed out the Corporation had spent considerable money for consultants in the past year and he distributed an outline showing the amount spent on consultants in fiscal 1974 which was ordered filed with the minutes of the meeting. Mr. Gunn stated he believed it would be better for the Corporation to employ on a full-time basis persons to accomplish the purposes for which consultants had been retained. He stated that he was looking into the situation regarding Management Organization, Inc. (MOI) to see if the continued services of that Company were justified. He noted that MOI work at Quehanna had caused some personnel problems at Quehanna and stated he had asked Mr. Barnett if he would like to attend a meeting to resolve these problems and that Mr. Barnett had replied that he did not want to attend the meeting.

Mr. De Lorean observed at this point, that in-house capability should be developed in important areas of business and that while consultants can help identify problems, a company needed in-house capability to correct them.

Mr. Gunn stated he would continue Mr. Mergen's program of trimming down MOI and working the Corporation's personnel into the functions now being performed by MOI.

Mr. Siegel inquired of Mr. Piper concerning sales projections in 1969. Mr. Piper stated that there had been such projections and that they resulted from an analysis by top management of the Corporation of expectations for the upcoming year.

Discussion of Embraer

Mr. Phillips advised that the negotiations continued with Embraer concerning the sale of kits to that company. Problems concerning Embraer's desire to manufacture an entire line of aircraft in Brazil for resale throughout the world had developed, he said. It was possible, he stated, that agreement on having the Corporation distribute aircraft produced by Embraer could be reached and that every effort was being made to reach a satisfactory arrangment with Embraer. Mr. Phillips pointed out that Embraer was a well-financed general aircraft manufacturer and that he expected the company would manufacture aircraft with or without the Corporation's cooperation. He pointed out that the Brazilian government was very export minded and any restriction on the export of Embraer's products were unacceptable to Embraer. Embraer was aware, however, of the fact that the Corporation had a fine distribution system which could be advantageous to it. It was agreed that negotiations with Embraer should continue.

Data Processing Operation

Mr. Linowes reported to the Board on the report of his firm, Laventhol, Krekstein, Horwath & Horwath on the Corporation's data processing operation. A copy of the report was ordered filed with the minutes of the meeting and the Secretary was ordered to distribute a copy to all members of the Board.

Mr. Linowes pointed out that now it appeared that the savings resulting from the recommendations of this report would be around $137,000 per year. He noted that management of the Corporation had been very cooperative in his firm's analysis of the Corporation's computer situation and had been quick to implement recommendations made in the report.

Mr. Gunn advised that he had not seen the report but stated from what Mr. Linowes said he saw no objections to carrying it out.

Report of John Z. De Lorean

Mr. De Lorean thereupon reviewed with the Board the report of The John Z. De Lorean Company (JZD) to Mr. David W. Wallace which had been distributed to all present prior to the meeting.

A copy of the report was ordered filed with the minutes of the meeting. Mr. De Lorean reviewed briefly the background of the JZD personnel involved in complying with the report as shown in an attachment to the report.

Mr. De Lorean then read the report to the Board commenting on certain aspects as he did so. He pointed out in his comments that many of the observations in the report applied to all businesses and to general aviation manufacturers, in particular.

As to the portion of the report concerning productivity and the situation concerning foremen, Mr. Wallace pointed out that these were union problems and resulted in many respects from the poor bargaining position of the Corporation vis a vis the union at Lock Haven. He noted every effort had been and was being made to improve the Corporation's bargaining position.

As to his assignment to recruit a permanent president for the Corporation Mr. De Lorean advised he had spoken to four people in this regard and briefly reviewed with the Board their qualifications. The Board discussed the persons mentioned by Mr. De Lorean and it was agreed that one, who had indicated an interest in visiting Lock Haven and meeting with the other members of the Board, should be contacted to arrange further discussions. Mr. Wallace said it seemed to him that before prospective candidates visited the Corporation's facilities, the Board should agree that this was appropriate and it was agreed that this practice should be followed.

Mr. Piper pointed out that in selecting a head of the Corporation, it should be borne in mind that the Corporation's production problems and production set up were radically different from those in the automotive industry where much larger rates of production were encountered.

Next Regular Meeting of the Board

After discussion it was agreed that the next regular meeting of the Board should be held on March 18, 1974 and that setting of a schedule for further regular meetings should be deferred for the present. Mr. Gunn pointed out that he would be unable to attend the March 18, 1974 meeting as he would be out of town.

Adjournment

There being no further business to come before the meeting the same was thereupon adjourned.

John J. Martin

DEFENDANTS' EX BU

UNITED STATES DISTRICT COURT

SOUTHERN DISTRICT OF NEW YORK

- -

CHRIS-CRAFT INDUSTRIES, INC., :

Plaintiff, :

-against- : 69 Civ. 2227/MP

PIPER AIRCRAFT CORPORATION, et al., : STIPULATION

Defendants. :

- -

IT IS HEREBY STIPULATED AND AGREED by and between the undersigned attorneys for the parties to this action as follows:

A. By approximately August 18, 1969, Chris-Craft Industries, Inc. ("Chris-Craft") was the owner of record of 697,495 Piper Aircraft Corporation ("Piper") shares. Thereafter, commencing in November, 1972, Chris-Craft purchased an additional 10,805 Piper shares, as reflected in the following table:

Date	Number of Shares	Price per Share
November 13, 1972	200	$25
November 15, 1972	100	28
November 24, 1972	200	34 1/4
December 27, 1972	100	34
January 2, 1973	100	34
January 11, 1973	200	34
January 12, 1973	200	34
January 16, 1973	300	34
January 17, 1973	200	33 3/4
January 26, 1973	200	33

Date	Number of Shares	Price per Share
February 5, 1973	150	32 1/2
February 9, 1973	100	32 1/2
February 16, 1973	200	31 1/4
February 23, 1973	100	30
March 19, 1973	100	30
March 21, 1973	200	31
March 21, 1973	100	30 1/2
March 22, 1973	400	31
March 23, 1973	500	31 1/2
March 27, 1973	200	31
April 10, 1973	100	30 1/4
April 10, 1973	300	31
April 26, 1973	1000	31 1/2
May 3, 1973	200	30 1/2
May 7, 1973	55	30 3/4
May 21, 1973	300	30 1/2
August 14, 1973	300	30
August 15, 1973	100	29 3/4
August 15, 1973	100	30
August 15, 1973	200	29 1/2
August 23, 1973	300	30
August 24, 1973	200	30
August 27, 1973	400	30
August 31, 1973	100	30
September 4, 1973	100	30
September 12, 1973	300	30

Date	Number of Shares	Price per Share
February 5, 1973	150	32 1/2
February 9, 1973	100	32 1/2
February 16, 1973	200	31 1/4
February 23, 1973	100	30
March 19, 1973	100	30
March 21, 1973	200	31
March 21, 1973	100	30 1/2
March 22, 1973	400	31
March 23, 1973	500	31 1/2
March 27, 1973	200	31
April 10, 1973	100	30 1/4
April 10, 1973	300	31
April 26, 1973	1000	31 1/2
May 3, 1973	200	30 1/2
May 7, 1973	55	30 3/4
May 21, 1973	300	30 1/2
August 14, 1973	300	30
August 15, 1973	100	29 3/4
August 15, 1973	100	30
August 15, 1973	200	29 1/2
August 23, 1973	300	30
August 24, 1973	200	30
August 27, 1973	400	30
August 31, 1973	100	30
September 4, 1973	100	30
September 12, 1973	300	30

Date	Number of Shares	Price per Share
September 17, 1973	100	30
September 18, 1973	100	29 3/4
September 18, 1973	50	29 1/2
September 25, 1973	50	29 1/2
September 25, 1973	150	30
September 27, 1973	150	29 1/2
September 28, 1973	100	30
October 2, 1973	200	29 1/2
October 5, 1973	300	29 1/2
October 12, 1973	200	29 1/2
October 22, 1973	100	30
October 26, 1973	200	31 1/2
October 26, 1973	200	30
November 29, 1973	100	16
November 30, 1973	100	14 1/2
December 4, 1973	100	13
December 4, 1973	100	11
December 4, 1973	100	12
December 4, 1973	500	10

B. By approximately September 5, 1969, Bangor Punta Corporation ("Bangor Punta") was the owner of record of 832,706 Piper shares. Thereafter, commencing in November 1969, Bangor Punta purchased an additional 25,215 Piper shares, as reflected in the following table:

Date	Number of Shares	Price per Share
November 10, 1969	1400	$50
November 14, 1969	150	49
December 3, 1969	400	43
December 5, 1969	100	43
December 11, 1969	100	43
December 16, 1969	100	43
December 29, 1969	100	43
December 30, 1969	200	43
December 31, 1969	400	45
December 31, 1969	100	45 1/2
January 6, 1970	200	46 3/4
January 6, 1970	100	45
January 8, 1970	100	45 1/4
January 9, 1970	100	46
January 14, 1970	100	45 1/2
January 16, 1970	100	45 1/4
January 20, 1970	100	46
January 26, 1970	100	45 1/2
January 26, 1970	100	45
January 29, 1970	100	46
January 29, 1970	200	45 1/2
February 9, 1970	200	45
February 10, 1970	100	45
February 17, 1970	100	45
February 18, 1970	200	45
February 18, 1970	100	45 1/2
February 19, 1970	100	43
February 24, 1970	300	43

Date	Number of Shares	Price per Share
June 4, 1970	100	17
June 5, 1970	200	17
June 16, 1970	200	17
October 19, 1970	500	13
November 3, 1970	200	12 1/2
November 20, 1970	450	12
December 18, 1970	200	12 1/4
March 17, 1971	200	21
April 12, 1971	200	19
May 10, 1971	100	23 1/2
July 30, 1971	100	19
August 5, 1971	250	19
August 6, 1971	300	18 1/2
August 10, 1971	150	18 1/2
August 11, 1971	50	18 1/2
August 12, 1971	100	18 1/4
August 12, 1971	400	19
August 20, 1971	200	19
August 24, 1971	50	19
September 1, 1971	100	19 1/2
September 14, 1971	200	20 1/2
January 24, 1972	300	18 1/2
February 8, 1972	100	22
February 22, 1972	300	24
March 1, 1972	100	24
March 6, 1972	100	24
March 8, 1972	500	24
March 9, 1972	50	24

Date	Number of Shares	Price per Share
March 14, 1972	200	24 1/2
March 16, 1972	50	24
March 22, 1972	200	25
March 24, 1972	100	25
April 3, 1972	200	25
April 5, 1972	100	25
April 6, 1972	400	25
April 21, 1972	100	25 7/8
April 24, 1972	200	25 1/4
April 24, 1972	300	25
April 26, 1972	200	25 3/4
April 28, 1972	200	25 3/8
May 1, 1972	200	25 3/4
May 2, 1972	1000	26
May 4, 1972	200	26 1/2
May 24, 1972	1000	26
May 25, 1972	500	26 3/4
June 26, 1972	1000	26
June 26, 1972	1800	25 3/4
June 27, 1972	50	25 1/2
July 26, 1972	450	22
September 7, 1972	500	21 1/2
September 11, 1972	200	21 1/2
September 21, 1972	200	21 1/2
September 26, 1972	200	21
October 3, 1972	200	21
October 5, 1972	200	21
October 11, 1972	50	21 3/4
October 12, 1972	150	21 3/4

Date	Number of Shares	Price per Share
October 16, 1972	200	21 3/4
October 18, 1972	200	21 3/4
October 24, 1972	50	22
October 30, 1972	150	22
November 6, 1972	15	23
November 10, 1972	500	24
November 15, 1972	100	27
November 27, 1972	100	32 1/4
December 1, 1972	100	33
December 17, 1972	500	34
June 8, 1973	2000	31 1/2

Dated: New York, New York
April 19, 1974.

PAUL, WEISS, RIFKIND, WHARTON
& GARRISON

By: _____
A Member of the Firm
Attorneys for Plaintiff

WEBSTER SHEFFIELD FLEISCHMANN
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Bangor Punta Corporation,
Nicolas M. Salgo and
David W. Wallace

SULLIVAN & CROMWELL

By: _____
A Member of the Firm
Attorneys for Defendant
The First Boston Corporation

CHADBOURNE, PARKE, WHITESIDE
& WOLFF

By: _____
A Member of the Firm
Attorneys for Defendants
William T. Piper, Jr.,
Howard Piper and
Thomas F. Piper

1445 DEFENDANTS' BV

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GERALD D. STERN
ANTHONY B. KURLIN
MARTIN LONDON
DAVID C. BROOMHEAD
PETER R. HAJE

*MEMBER D.C. & TEXAS BARS ONLY

October 28, 1969

James Ryan, Esq.
Webster, Sheffield, Fleischmann
Hitchcock & Brookfield
1 Rockefeller Plaza
New York, N.Y. 10020

Chris-Craft Industries -- Bangor Punta

Dear Jim:

This is to confirm our telephone conversation today with respect to the annual meeting of Piper Aircraft Corporation. I advised you that at the hearing in the Second Circuit Court of Appeals on September 19, 1969, you represented to the Court that Bangor-Punta would not call any stockholders meeting of Piper pending the Court's decision, without the consent of Chris-Craft. I advised you today that Chris-Craft would not consent to the calling of the annual meeting of stockholders. At any such meeting you would be in a position to vote the very stock which we contested on the appeal.

It is my understanding that the annual meeting would not be held until late January or early February. It is possible, therefore, that the Court of Appeals will decide this case before it is necessary to call the meeting. If, however, the decision has not yet been rendered and Bangor-Punta still wishes to proceed with the meeting, it is our position that you may not call the meeting without the approval of the Court.

Sincerely,

Arthur L. Liman

ALL:rs

DEFENDANTS' BW

1446

October 31, 1969

Arthur L. Liman, Esq.
Messers. Paul, Weiss, Goldberg,
Rifkind, Wharton & Garrison
345 Park Avenue
New York, New York 10022

Re: Piper Aircraft Corporation

Dear Arthur:

I received your letter of October 28th concerning the forthcoming annual meeting of stockholders of Piper Aircraft Corporation scheduled for the first Tuesday in February.

I agree with your observation that the Court of Appeals probably will decide the pending appeal before the mechanics for convening the annual meeting of Piper Aircraft need be put in motion. However, in order to avoid any misunderstanding, you should know Bangor Punta does not consider it necessary to obtain your client's consent before the annual meeting of Piper Aircraft is convened.

As I advised you, I have no recollection, and certainly had no intention, of ever representing to the Court that Bangor Punta would prevent the convening of the annual meeting of the Piper shareholders. What I did represent to the Court was that under no circumstances would Bangor Punta cause Piper Aircraft to merge or consolidate with Bangor Punta, or issue additional shares of Piper stock, without first obtaining the approval of Chris-Craft. You will recall these are the two areas ofconcern

which you expressed to the Court. At the argument, I did state no meeting of stockholders necessary to take the foregoing type of corporate action was contemplated, and the mechanics for calling such a special meeting, e.g. proxy solicitation, etc., would preclude such a meeting before the Court decided the pending appeal in the ordinary course. I still believe this to be the case.

However, the representations were all made in an effort to assuage your concern over the possibility your client's investment could be jeopardized. There was certainly no intention upon Bangor Punta's part to impair the normal operations of Piper Aircraft such as furnishing financial reports to the public shareholders, selecting auditors, electing a new board, etc., which actions in no way could harm your client's investment. Further, Bangor Punta is neither calling or causing to be convened a meeting of stockholders. The fixing of the date of the annual meeting, its subject matter and the requirement for its convening, is governed by state corporate law and the only act required by the Directors is to fix the transfer date.

In view of the foregoing, it is our view that Bangor Punta is neither violating the spirit nor the express representations made to the Court by me in authorizing its representatives on the Board of Directors to take the necessary steps to convene the annual meeting under state corporate law.

Bangor Punta again assures your client it has no intention prior to the decision of merging, consolidating or taking any steps which would dilute your client's equity interest in the Piper Aircraft in the forthcoming annual meeting. Piper, which is still a "public" company, will only take such steps as are necessary by state corporate law to provide for continuous legal operation of Piper Aircraft.

I agree with you that any misunderstanding between the parties on the question of the annual meeting can be put aside until the middle of next month when the necessary procedures have to be initiated. At that time, if necessary, I am sure we can deal with the problem in an expeditious and effective way.

Yours truly,

James V. Ryan

JVR/dp

cc: John Flick, Esq.

DEFENDANTS EX

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PETER R HAJE

*MEMBER D C & TEXAS BARS ONLY

November 3, 1969

James Ryan, Esq.
Webster, Sheffield, Fleischmann,
Hitchcock & Brookfield
1 Rockefeller Plaza
New York, N.Y. 10020

Chris-Craft -- Bangor-Punta

Dear Jim:

I was frankly shocked by your letter of October 31, 1969. At the conclusion of the argument on the merits in the Court of Appeals you did represent to the Court that Bangor-Punta would not cause Piper to merge or consolidate with Bangor or issue additional shares of Piper stock without Chris-Craft's consent. But when I protested that this was not sufficient, you further represented on prodding from the Court, that no shareholders meeting of Piper was scheduled, and that Bangor would not call one.

All of my associates who attended the meeting, as well as I, remember your explicit representation to this effect and I am sure that the Court does also, in the light of the discussion that took place. I am not sure from your letter whether you propose to test the issue by fixing a date for the annual meeting or a record date. If you intend to take such a step before the Court of Appeals makes its decision, I would appreciate it if you would advise me in advance since I will make an appropriate application to the Court of Appeals. Unless I have your assurance that I will be advised in advance you leave me no choice but to apply to the Court of Appeals at once, whereas I understood from our telephone conversation that you were agreeable to postponing the issue until the Court had an opportunity -- at least until the end of the month -- to render its decision.

Sincerely,

Arthur L. Liman

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DEFENDANTS' EXHIBIT BK

CHRIS-CRAFT INDUSTRIES, INC.
600 Madison Avenue
New York, New York 10022

April 23, 1969

To the Note Purchasers,
Under the Note Purchase
Agreement, dated December
20, 1965, as Amended

Gentlemen:

Chris-Craft Industries, Inc. presently has, or may in the future have, Investments in various common stocks in the amount of $7,000,000 in excess of the amount permissible under Section 6.2(d)(ix), the "other Investment" clause, of the Note Purchase Agreement.

We request that you waive this default to the limited extent specified below in view of the technical and temporary nature thereof.

Your waiver shall be effective through November 3, 1969 at which time such waiver shall expire. Your waiver shall be to the following effect:

(a) while the waiver remains in effect, Chris-Craft may have Investments (as defined in the Note Purchase Agreement) in an amount which exceeds the amount permitted by Section 6.2(d)(ix) by not more than $7,000,000, provided that Chris-Craft will not make any additional Investments (other than Investments permitted under paragraphs (i) through (viii) of Section 6.2(d)) except in shares of Common Stock of Piper Aircraft Corporation; and

(b) while the waiver remains in effect, Chris-Craft may, notwithstanding the provisions of Section 6.2(d), acquire shares of Common Stock of Piper Aircraft Corporation pursuant to an exchange offer solely for equity securities, including warrants to purchase Common Stock, of Chris-Craft.

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Please indicate your agreement to the foregoing by signing below where indicated.

Very truly yours,

CHRIS-CRAFT INDUSTRIES, INC.

By C. Leonard Gordon

C. Leonard Gordon
Vice President

We agree to the foregoing.

AMERICAN NATIONAL INSURANCE COMPANY

F. A. Blencowe

F. A. Blencowe
Senior Vice President and Treasurer

Oppenheimer & Co. 1451

ONE NEW YORK PLAZA, NEW YORK CITY 10004, (212) 825 4000. CABLE ADDRESS: MOPENER NEW YORK

ROBERT ROSENKRANZ, PARTNER

April 25, 1974

EXHIBIT
U. S. DIST. COURT
S. D. N. Y.

BZ

James V. Ryan, Esq.
Webster, Sheffield, Fleischmann
Hitchcock & Brookfield
One Rockefeller Plaza
New York, New York 10020

Dear Mr. Ryan:

Enclosed herewith are the materials we reviewed in connection with Bangor Punta's intention to acquire by merger the balance of Piper Aircraft Corporation.

Very truly yours,

OPPENHEIMER & CO.

By: Robert Rosenkranz
Robert Rosenkranz

RR/mc
Enclosure

cc: Arthur Liman, Esq.
Paul, Weiss, Rifkind
Wharton & Garrison
345 Park Avenue
New York, N.Y. 10022

ny discussions concerning the accounting treatment of ertain assets of the company?

A Yes, I do.

Q Would you please relate to us, to the best of your recollection, the substance of those discussions you had at that meeting?

A At that point we had sold the stock of the Bangor and Aroostook Railroad and generated a loss for the fiscal year ended September, 1969, and also the Piper situation had clarified -- clarified may be a bad word, but it had come to a point where we owned approximately 50. something per cent and Chris-Craft owned approximately 42 or 43. something per cent, and it was obvious to me that we would have to in some way treat with the Chris-Craft management because, in the long run, it wouldn't make sense for two companies to be pulling a third, you know -- we would have to buy out Chris-Craft or make some understanding with them.

Q These discussions you had at this point?

MR. LIMAN: You mean at the executive committee meeting?

MR. RYAN: Yes.

A Yes. This is the directors meeting.

Q This is the substance of the discussions?

A Yes. This was discussed then. I was also con-

A No. It represented, in this sense -- it represented the feeling that I had and still have and which you know I have expressed over the last year many times, in the fact that 50 per cent or 43 per cent really makes very little difference because of the cumulative voting, because of the requirement of appraisal if there is a merger because of the fact that you have got two great big stockholders, and no matter which one owns what, you can't move.

What I am really saying in that, and what I would intend by that, what I would read that to mean is that at that point Chris-Craft could not control Piper and at this point we can't control Piper.

Q Mr. Wallace, are you mindful of the fact that with over 50 per cent of the stock of Piper, Bangor Punta has the power to compel a merger?

A I am absolutely aware of that but I am also aware of certain provisions on appraisal rights, too.

Q And you were mindful of that 50 per cent provision when you went into this acquisition?

A Certainly.

Q And do you recall testifying yesterday, when I showed you your memo, that the reason you didn't want to lay out cash for Piper, unless you were certain

of getting 50 per cent, was you did not want to be in a position where somebody could force a merger onyou?

A That's correct.

Q Now are you telling me thatyour present view is that owning 50 per cent or more of the stock of Piper really gives you no more influence and power than if you had 42 per cent of Chris-Craft?

A Well, I think the measure of influence and power is greater, yes, but, on the other hand -- and I would rather have 50 per cent than not have 50 per cent.

Q I was going to ask you whether you would trade --

THE COURT: Give him a chance to answer.

A But I also know that there are problems that go with it.

For instance, for the last year we wouldhave had to show Piper losses added into ours, which we wouldn't have to do if we didn't have the 50 per cent.

Q Mr. Wallace, do you recall when in Piper's fiscal year of 1970 it showed a loss for the first time?

A The loss -- Piper started the year profitably, and I can't give you the exact month but asthe year wore on, and the general aviation market declined, the monthly losses became more and more severe.

production and therefore I thought we should be following conservative policies in both Piper and Bangor. 1455

Q You were cutting inventories in Piper in November 1968?

A I was hoping to, but we didn't have much success.

Q Do you recall whether at a meeting on November 24, 1968, the Chris Craft people asked for the declaration of a dividend?

A Yes, I recall that Chris-Craft was pressing for a dividend and I felt it was not a good idea and my fellow directors agreed with me.

Q You understood that Chris-Craft had short-term financing for its company?

A I understood Chris-Craft has debt and I think I have some familiarity with it. I am just not sure what you are saying.

Q Wasn't there a discussion at the Bangor Punta board of the fact that Chris-Craft might come under pressure from its lenders?

A Well, I think we were hoping that you would come under the same kind of pressure that we came under.

Q Were you hoping that if we came under that kind of pressure, you could pick up the block cheap?

A No, not necessarily.

Q Did you ever tell your lender, John Hancock, that time was in Bangor-Punta's favor as opposed to Chris-Craft's?

A You know, I was presented with a very serious problem with John Hancock because Chris-Craft went to Hancock and I then had to sort of soothe the ruffled feathers -- the Hancock is a very conservative group and they don't like to be involved in any kind of controversies, and so forth, and I think I probably told Hancock that, you know, that things would work out and just sit tight and not to get upset about things.

Q Chris-Craft had not gone to John Hancock by October of 1969, did it?

A I don't know when you went there. All I remember is it was a very traumatic experience for me, that is all.

Q If I show you Exhibit 81 for identification, would this refresh your recollection as to when you talked to John Hancock and what you told them (handing)?

A [illegible] is this from?

Q From John Hancock's file.

A [illegible] Hancock's file?

Q I believe so.

A May I read it now?

Q Sure.

(Pause.)

A This is all true.

Q When you say it is all true --

A I don't have any recollection of the time. All I am saying is that that is the kind of thing I would have said.

MR. LIMAN: I will show you this and offer it in evidence after you have a chance to look at it at the lunch break, Mr. Ryan.

Q At your July 1, 1969 meeting of your board of directors did you state to the board, "Chris-Craft has an investment of about $35 million plus expenses and that Chris-Craft has a demand loan for approximately $15 million which we believe must be settled within the near future. This places us in a position where we must determine how much should be paid for Chris-Craft's interest and the form of payment. It would not appear appropriate for us to consider paying all cash for their [illegible] shares"?

Did you make those statements?

A This is all true, and I remember the circumstances of this statement very well.

Q What did you have in mind when you told the board that Chris-Craft's demand loan had to be settled soon?

A What I had in mind was, and this goes back to Mr. Salgo's remarks about an installment sale, and various meetings I have had with Mr. Siegel and Mr. Gordon, that I thought it was unrealistic for us to think in terms of any settlement with Chris-Craft which didn't involve getting over to them enough money to cover their short-term indebtedness.

You know, Bangor Punta is not really the richest company in the world and we have a lot of debt ourselves and I was concerned that our board understands that we could not accomplish this unless we gave Chris-Craft some means of paying off their debt.

Q You were not waiting, were you, for Chris-Craft's lenders to call the loan?

A I wasn't waiting for it; I would have been delighted if they had

Q Is it still your intention to merge Piper into Bangor Punta?

A Unless it -- could order against it, or a

stipulation or something. I know I keep being told you can never do this because of some --

MR. LIMAN: I have only about four or five minutes more, your Honor.

THE COURT: Go right ahead.

MR. LIMAN: If I could finish it now, your Honor --

THE COURT: All right.

MR. LIMAN: I have just added a few minutes, your Honor. I am covering some questions for Mr. Kushner too.

THE COURT: I suppose you would like to finish --

THE WITNESS: I would be delighted, but I will stay as long as I have to, your Honor.

THE COURT: Is anybody else going to ask any questions?

MR. PENNOVER: I have a few, your Honor, but I don't think it will be more than a few minutes.

THE COURT: We will recess for lunch.

(Luncheon recess.)

* * *

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SCHEDULE 13D

SECURITIES AND EXCHANGE COMMISSION

Washington, D. C. 20549

Statement Pursuant to Rule 13d-1

BANGOR PUNTA CORPORATION
(Exact name as specified in charter)

DELAWARE
(State of incorporation or organization)

51-0041599
(IRS tax number)

405 Park Avenue,
New York, New York
(Address of principal executive offices)

10022
(Zip Code)

Item 1. *Security and Issuer.*

This statement relates to the Common Stock par value $1.00 per share issued by Piper Aircraft Corporation ("Piper") whose address is Lock Haven, Pennsylvania 17745.

Item 2. *Identity and Background.*

2.1(a), (c) and (d) This statement is being filed by Bangor Punta Corporation ("Bangor"), a Delaware corporation whose principal office is located at 405 Park Avenue, New York, N. Y. 10022. Bangor Punta is a diversified holding company with operating subsidiaries in the following industries: leisure time (pleasure boats, camping trailers, emblematic jewelry) public security; energy systems; process engineering and equipment; fashion fabrics; agribusiness; services; and transportation.

* * *

Item 3. *Source and Amount of Funds or Other Considerations.*

Bangor Punta has agreed, subject to shareholder and regulatory approval, with the persons listed on Exhibit A to make an exchange offer for approximately 501,000 shares of Piper Common Stock on the basis of (i) 1 share of Bangor Punta Common Stock Par Value $1. per share, (ii) Warrants-Series C, expiring March 31, 1981 to purchase 2.2 shares of Bangor Punta Common Stock, and (iii) $15 face amount of a new 5½% 25 year Convertible Subordinated Debenture for each such share of Piper Common Stock. The Common Stock will be from the authorized Common Stock of Bangor Punta, the Warrants will be issued under a Warrant Agreement dated February 28, 1969 between Bangor Punta and Irving Trust Company as Warrant Agent, and the Debentures will be issued under a proposed Debenture Indenture to be dated as of July 1, 1969 between Bangor Punta and Irving Trust Company as

Trustee. See the answer to Item 4 as to a further exchange offer to be made to all other Piper stockholders.

Bangor Punta has acquired, in privately negotiated transactions 23,600 shares of Piper and Bangor Punta International Capital Company (Bangor Punta International) a wholly-owned subsidiary of a subsidiary of Bangor Punta, has acquired in privately negotiated transactions 60,600 shares of Piper and the right to acquire an additional 18,000 shares.

* * *

Item 4. *Purpose of Transaction.*

Bangor Punta desires to acquire control of Piper. Pursuant to the agreement referred to in the answer to Item 3 Bangor Punta has agreed to seek shareholder and regulatory approval *to make a further exchange offer for any and all remaining Piper stock on the basis of cash and/or securities having a value of at least $80. per share. Such value to be determined by The First Boston Corporation.* (Emphasis not in original).

Pursuant to the proposed exchange offers, Bangor Punta hopes to acquire enough additional shares of Piper Common Stock to give it a majority of such shares.

* * *

Item 5. *Interest in Securities of the Issuer.*

5.1 The number of shares of Piper which are beneficially owned by Bangor Punta is 83,600.

5.2 The number of shares of Piper which Bangor Punta has the direct or indirect right to acquire is approximately 519,000.

* * *

Item 6. *Contracts, Arrangements, or Understandings with respect to Securities of the Issuer.*

6.1 See the answers to Items 3 and 4 with respect to Bangor Punta's Agreement to make exchange offers for

13D

Piper shares. Such Agreement provides that Bangor Punta will receive proxies from the Piper shareholders that are parties thereto permitting certain officers of Bangor Punta to vote such shares under certain circumstances (the form of such proxy is attached hereto as Exhibit B). This Agreement also provides that, in the event, Bangor Punta acquires control of Piper and, if the value, as determined by The First Boston Corporation of the Bangor Punta Common Stock, Warrants and Debentures to be offered in exchange for Piper stock to those Piper shareholders that are parties to the Agreement is less than $80 at the time of the commencement of the exchange offer to other Piper shareholders, then Bangor Punta will offer to the Piper shareholders that are parties to the Agreement additional securities and/or cash having a value (in the opinion of The First Boston Corporation) equal to the difference between $80 and the value of such Common Stock, Debentures and Warrants.

* * *

SIGNATURE

I certify that to the best of my knowledge and belief, the information set forth in this Statement is true, complete and correct.

s/JOHN E. FLICK
(JOHN E. FLICK)
General Counsel

Dated:
May 16, 1969

1464

AMENDMENT TO

SCHEDULE 13D

SECURITIES AND EXCHANGE COMMISSION

Washington, D. C. 20549

Statement Pursuant to Rule 13d - 1

BANGOR PUNTA CORPORATION
(Exact name as specified in charter)

DELAWARE	51-0041390
(State of Incorporation or organization)	(IRS tax number)
405 Park Avenue New York, New York	10022
(Address of principal executive offices)	(Zip Code)

Bangor Punta has agreed, subject to shareholder and regulatory approval, with the persons listed on Exhibit A to make an exchange offer for approximately 501,000 shares of Piper Common Stock on the basis of (i) 1 share of Bangor Punta Common Stock Par Value $1 per share, (ii) Warrants - Series C, expiring March 31, 1981 to purchase 2.2 shares of Bangor Punta Common Stock, and (iii) $15 face amount of a new 5-1/2% 25 year Convertible Subordinated Debenture for each such share of Piper Common Stock. The Common Stock will be from the authorized Common Stock of Bangor Punta, the Warrants will be issued under a Warrant Agreement dated February 28, 1969 between Bangor Punta and Irving Trust Company as Warrant Agent, and the Debentures will be issued under a proposed Debenture Indenture to be dated as of July 1, 1969 between Bangor Punta and Irving Trust Company as Trustee. See the answer to Item 4 as to a further exchange offer to be made to all other Piper stockholders.

Bangor Punta has acquired, in privately negotiated transactions 120,200 shares of Piper (of which 8,700 shares are the subject of delayed delivery contracts).

The source of the funds used for such privately negotiated transactions, was funds available from a long term borrowing made in 1968 for the purpose of financing acquisitions and general corporate funds. Due to the immediate unavailability of such funds of Bangor Punta, funds of its wholly owned subsidiary Bangor Punta International Capital Company were utilized to purchase certain of the shares in question. The source of such Bangor Punta International Capital Company's funds was a 1968 Eurodollar Debenture issue and short term borrowings from the Swiss Bank Corporation. The funds of Bangor Punta International Capital Company so utilized

[redacted] been repaid to it by Bangor Punta and Bangor Punta International Capital Company has repaid its borrowing from Swiss Bank Corporation.

Item 4. - Purpose of Transaction.

Bangor Punta desires to acquire control of Piper. Pursuant to the agreement referred to in the answer to Item 3 Bangor Punta has agreed to seek shareholder and regulatory approval to make a further exchange offer for any and all remaining Piper stock on the basis of cash and/or securities having a value of at least $80 per share. Such value to be determined by the First Boston Corporation.

Pursuant to the proposed exchange offers, Bangor Punta hopes to acquire enough additional shares of Piper Common stock to give it a majority of such shares.

Under the law of the state of Pennsylvania, the state of incorporation of Piper, if Bangor Punta acquired a majority of the outstanding shares of Piper Common stock Bangor Punta would acquire the power to cause Piper to merge, consolidate, sell its assets for liquidate without concurrence of the remaining Piper Common stockholders; however, under certain circumstances any minority shareholder who dissented to such action would have appraisal rights provided under Pennsylvania law.

If Bangor Punta acquires such a majority interest, its present intention is to operate Piper as a division under its present management. However, Bangor Punta does not presently have the information available to make final plans as to these matters, or as to any other major changes in Piper's business or corporate structure. Any such final decision by Bangor Punta with respect thereto will depend upon, among other things, operational, tax, financial and other corporate considerations.

Item 5. - Interest in Securities of the Issuer.

5.1 The number of shares of Piper which are beneficially owned by Bangor Punta is 120,200 .

5.2 The number of shares of Piper which Bangor Punta has the direct or indirect right to acquire is approximately 501,090 .

Other than as described in this Schedule 13 (d) no officer, director, or affiliate of Bangor Punta own shares of Piper Common stock, or have engaged in transactions concerning such shares during the last sixty (60) days.

Signature

I certify that to the best of my knowledge and belief, the information set forth in this Statement is true, complete and correct.

John E. Flick
General Counsel

Dated: June 4, 1969

proceeds and $3,572,550 from such bridge financing, and the amount to be used for the acquisition of such 18,000 shares to be acquired will be $1,440,000 from such Debenture proceeds and, if necessary, from additional bridge financing.

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Item 4. - Purpose of Transaction.

Bangor Punta desires to acquire control of Piper. Pursuant to the agreement referred to in the answer to Item 3 Bangor Punta has agreed to seek shareholder and regulatory approval to make a further exchange offer for any and all remaining Piper stock on the basis of cash and/or securities having a value of at least $80. per share. Such value to be determined by the First Boston Corporation.

Pursuant to the proposed exchange offers, Bangor Punta hopes to acquire enough additional shares of Piper Common stock to give it a majority of such shares.

Under the law of the state of Pennsylvania, the state of incorporation of Piper, if Bangor Punta acquired a majority of the outstanding shares of Piper Common stock Bangor Punta would acquire the power to cause Piper to merge, consolidate, sell its assets or liquidate without concurrence of the remaining Piper Common stockholders; however, under certain circumstances any minority shareholder who dissented to such action would have appraisal rights provided under Pennsylvania law.

If Bangor Punta acquires such a majority interest, its present plan is to operate Piper as a division under its present management. However, Bangor Punta does not presently have the information available to it to make final plans as to these matters, or as to any other major changes in Piper's business or corporate structure. Any such final decision by Bangor Punta with respect thereto will depend upon, among other things, operational, tax,

financial and other corporate considerations. 1469

Item 5. - Interest in Securities of the Issuer.

5.1 The number of shares of Piper which are beneficially owned by Bangor Punta is 83,600.

5.2 The number of shares of Piper which Bangor Punta has the direct or indirect right to acquire is approximately 519,000.

Other than as described in this Schedule 13 (d) no officer, director, or affiliate of Bangor Punta own shares of Piper Common stock , or have engaged in transactions concerning such shares during the last sixty (60) days.

Item 6. - Contracts, Arrangements, or Understandings with respect to Securities of the Issuer.

6.1 See the answers to Items 3 and 4 with respect to Bang Punta's Agreement to make exchange offers for Piper shares. Such Agreement provides that Bangor Punta will receive proxies from the Piper shareholders that are parties thereto permitting certain officers of Bangor Punta to vote such shares under certain circumstances (the form of such proxy is attached hereto as Exhibit B). This Agreement also provides that, in the event, Bangor Punta acquires control of Piper and, if the value, as determined by The First Boston Corporation of the Bangor Punta Common stock, Warrants and Debentures to be offered in exchange for Piper stock to those Piper shareholders that are parties to the Agreement is less than $80 at the time of the commencement of the exchange offer to other Piper shareholders, then Bangor Punta will offer to the Piper shareholders that are parties to the Agreement additional securities and/or cash having a value (in the opinion of The First Boston

Piper shares to Bangor Punta pursuant to its exchange offer, (2) to refrain from acquiring further Piper shares, (3) to refrain from effecting a merger of Piper and Bangor Punta, and (4) to refrain from voting the 120,200 Piper shares acquired for cash between May 16 and May 23, 1969. The district court denied Chris-Craft's motion for a preliminary injunction, citing both the lack of any irreparable injury to Chris-Craft if the motion were denied and the lack of any illegal behavior on the part of Bangor Punta. Chris-Craft then sought and received an expedited appeal to this court.

The Preliminary Injunction

[1] We agree with the district court that a preliminary injunction is not warranted. A preliminary injunction should issue only when it is needed "as an equitable policing measure to prevent the parties from harming one another during the litigation." Hamilton Watch Co. v. Benrus Watch Co., 206 F.2d 738, 742 (2 Cir. 1953). It is apparent that here there is no threat that unless an injunction issues before trial "the plaintiff will suffer harm which cannot be repaired." Studebaker Corp. v. Gittlin, 360 F.2d 692, 698 (2 Cir. 1966). Counsel for Bangor Punta has orally stipulated at argument that no merger between that company and Piper will be effected before the end of this litigation, so that no injunction restraining a merger is needed. We do not see, and Chris-Craft does not suggest, what other irreparable harm might result from Bangor Punta's voting the 120,200 shares acquired for cash in May.

[2] Absent any such prejudice from the voting of the stock we do not see how harm to plaintiff can result from refusing to order before the merits of the case are adjudicated after a trial a divestiture or rescission of stock acquired by Bangor Punta during its exchange offer. Indeed, to "give to a plaintiff all the actual advantage which could be obtained by the plaintiff as a result of a final adjudication of the controversy in favor of the plaintiff" would be clearly inequitable under such circumstances. Seichow & Richter Co. v. Western Printing & Lith. Co., 112 F.2d 430, 431 (7 Cir. 1940). We also understand counsel for Chris-Craft to admit on oral argument that because of its complexity an order for rescission or divestiture should be worked out only at trial.

[3] Finally, we conclude that the district court did not err in refusing to enjoin the continued solicitation of stock by Bangor Punta. At that time Chris-Craft was free to compete equally with Bangor Punta for the remaining Piper shares, and it did so. We do not understand Chris-Craft to allege that prior misdeeds of Bangor Punta so determined the course of the competition for shares after the date of the decision below that Chris-Craft was placed at any real disadvantage. Consequently, we affirm the denial of the preliminary injunction.

However, we also feel compelled to pass on the district court's alternative holding that Bangor Punta did not violate the securities laws, for it is clear that this ruling below would determine the outcome of the trial on the merits. On this issue we disagree with the district court.

The May 8 Press Releases

Section 5(c) of the Securities Exchange Act of 1933, as amended, states in part that:

> (c) It shall be unlawful for any person, directly or indirectly, to make use of any means or instruments of transportation or communication in interstate commerce or of the mails to offer to sell or offer to buy through the use or medium of any prospectus or otherwise any security, unless a registration statement has been filed as to such security, * * *.

Section 5(b) of the Act provides that offers to sell may be made after the registration statement is filed, but before it becomes effective, provided the offers are made by specified means which in-

Bangor Punta neither participated in, directly or indirectly, nor ratified, nor adopted the actions of the Pipers or First Boston that occurred prior to the time it entered into serious negotiations with the Piper family in late April 1969. Bangor Punta entered into the contest for control with Chris-Craft for the valid business purpose of attempting to effect a merger between Bangor Punta and Piper and obtain control of Piper for itself. [Findings 148.B(a)(i) and 148.B(b)].

The conduct of which Chris-Craft complains consists of a series of separate, unrelated acts and the claimed participation by each of the parties and its effect upon Chris-Craft is readily identifiable.

ARGUMENT

A joint tortfeasor is one who either actively participates in a tortious act, or ratifies or adopts a tortious act of another. Bangor Punta neither participated in, ratified nor adopted the allegedly tortious acts of the Pipers and First Boston that occurred prior to April 1969.

Prosser, Torts
pp. 258-259 (3rd ed. 1964)

Thompson v. Johnson
180 F.2d 431, 433-434 (5th Cir. 1950)

AP 67-11-70

EXTRACT FROM MEMORANDUM TO THE FILES
DATED OCTOBER 15, 1969

1472

* * *

Re: Meeting with Dave Wallace, Nic Salgo, and Steven Galle of Bangor Punta in Greenwich, Connecticut. 10/14/69

The Piper Situation:

Bangor has talked informally with Chris-Craft concerning its block of Piper shares. According to Bangor, Chris-Craft is looking for other merger partners who won't talk until the Piper situation is resolved. Thus, time appears to stand in Bangor's favor, although difficult negotiations lie ahead. If the merger is accomplished, Piper's experience in plastic forming and overseas sales are expected to be very helpful to Bangor's boating divisions.

AINTIFF'S

EXHIBIT
U. S. Dist. Court
S. D. of N. Y.

MAR 16 1971

f1 ind.

95. [Proposed by Chris-Craft] During 1969 John Hancock Mutual Insurance Company ("John Hancock"), had outstanding loans to Bangor Punta in excess of $50,000,000, including $20,000,000 loaned pursuant to a Note and Warrant Agreement dated July 31, 1968 between John Hancock and Bangor Punta and its subsidiary Bangor Punta Operations, Inc. The Note and Warrant Agreement contained the following provisions:

> "7. Use of Proceeds. The net cash proceeds of the sale of the Notes and Warrants will be paid to the Company [Bangor Punta] and loaned by the Company to Operations and are intended to be applied by Operations to the acquisition of the assets and business or shares of capital stock of the corporation identified in a letter, dated the date hereof, from the Company to you [John Hancock] and approved by you, and/or of another corporation or corporations approved in writing by you, in your absolute discretion ("Approved Acquisitions"); pending application to Approved Acquisitions, Operations may use such proceeds for general corporate purposes, subject to your right to require prepayment of the Notes pursuant to section 12.4 if such proceeds are not applied to Approved Acquisitions prior to November 1, 1970. . . ."

* * *

"12.4 Required Prepayment Upon Failure to Complete Approved Acquisitions. If prior to November 1, 1970, Operations shall not have (i) applied $20,000,000 in cash to an Approved Acquisition or Approved Acquisitions and (ii) acquired substantially all of the assets and business or not less than 90% of the outstanding Capital Stock and Voting Stock of, or consummated the merger into Operations of, each corporation which was the subject of an Approved Acquisition, you or any successor holder or holders of a majority in principal amount of the Notes at the time outstanding may, at your, its or their option, by notice given to the Companies prior to May 1, 1971, require the Companies to prepay a principal amount of the Notes at the time outstanding not in excess of the amount by which $20,000,000 exceeds the aggregate amount of cash applied to any Approved Acquisition or Approved Acquisitions which have been so completed (i.e., by the acquisition of substantially all of such assets and business or not less than 90% of such Stock or by consummation of such merger), and the Companies shall prepay, without premium, such principal amount of Notes on a date fixed by the Companies not less than 30 nor more than

180 days following the receipt by either of the Companies of such notice, provided that, concurrently with such prepayment, you or such holder or holders shall surrender or cause to be surrendered for cancellation Series B Warrants for the purchase of the number of shares of Common Stock (without giving effect to any adjustment therein) which bears the same relationship to 60,000 shares as the principal amount of Notes so prepaid bears to $20,000,000."

96. [Proposed by Chris-Craft] On May 16, 1969 John Hancock advised Bangor Punta that Piper qualified as an "Approved Acquisition" under the Note and Warrant Agreement dated July 31, 1968, and further stated that "* * * This consent is valid only until November 1, 1970."

128A [BP]

(a) The Note and Warrant Agreement between Bangor Punta and John Hancock portions of which are referred to in Finding 95 was filed with the SEC as an exhibit to the Bangor Punta registration statement for the exchange offers and was part of the SEC file available for examination by the public.

(b) The references in the Bangor Punta preliminary and final prospectuses to such Note and Warrant Agreement are contained at pp. 16-18, F-15-F-16 of Bangor Punta's final prospectus.

(c) In agreements dated September 30, 1970, and October 29, 1970, Bangor Punta revised both of its revolving credit arrangements with its banks and its Note and Warrant Agreement with John Hancock. Included in such revisions was the deletion of those portions of the Note and Warrant Agreement referred to in Findings 95 and 127.

1478

MUTUAL LIFE INSURANCE COMPANY
200 BERKELEY STREET · BOSTON · MASSACHUSETTS · 02117

May 16, 1969

Mr. David Wallace
President & Chief Operating Officer
Bangor Punta Corporation
605 Park Avenue
New York, New York 10022

Dear Mr. Wallace:

Re: Piper Aircraft Company

The above Company qualifies as an "Approved Acquisition" under Section VII of the Note and Warrant Agreement dated July 31, 1968 between the John Hancock Mutual Life Insurance Company and Bangor Punta Corporation and Bangor Punta Operations, Inc.

This consent is valid only until November 1, 1970 and except as specifically provided herein, the agreement shall remain and continue in full force and effect in accordance with the terms and provisions thereof.

Very truly yours,

David M. Wilmot

Original to T. D. Stephenson
Copy to: D. W. Wallace
H. M. Sulgo
S. Galle
J. E. Flick

PROSPECTUS

EXCHANGE OFFER
TO HOLDERS OF COMMON STOCK OF

Piper Aircraft Corporation

BANGOR PUNTA CORPORATION

Bangor Punta Corporation ("Bangor Punta") hereby offers, subject to the approval of its stockholders and upon the terms set forth hereunder "The Exchange Offers", to exchange its Common Stock, par value $1 per share ("Common Stock" or "Common Shares"), Warrants—Series C expiring March 31, 1981 to purchase Common stock at $55 per share ("Warrants"), and 8¼% Convertible Subordinated Debentures Due 1994 convertible into Common Stock at $55 per share ("Debentures") for shares of common stock of Piper Aircraft Corporation ("Piper") in the ratio of:

1.2 Common Shares,
Warrants to purchase 3.5 Common Shares and
$31 principal amount of Debentures
} for 1 share of Piper common stock

Pursuant to an Agreement dated as of May 3, 1969, Bangor Punta is simultaneously offering a share of its Common Stock, $15 principal amount of its Debentures and Warrants to purchase 2.2 shares of its Common Stock at $55 per share to 42 holders of Piper common stock holding an aggregate of 501,090 shares. Such Agreement provides that, in the event Bangor Punta obtains more than 50% of the outstanding common stock of Piper, the Piper shareholders party thereto shall receive additional Bangor Punta securities and/or cash (see "Background of the Exchange Offers").

THESE SECURITIES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE SECURITIES AND EXCHANGE COMMISSION NOR HAS THE COMMISSION PASSED UPON THE ACCURACY OR ADEQUACY OF THIS PROSPECTUS. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

The Debentures bear interest from July 1, 1969, are initially redeemable on and after July 1, 1973 at 108.25% of principal amount, are entitled to a sinking fund commencing on March 31, 1980 sufficient to retire by maturity 91% of the principal amount outstanding on March 31, 1980 and are subordinate to Senior Indebtedness (as defined), which amounted to $135,944,560 as of June 25, 1969. Interest on the Debentures is payable July 1 and January 1 of each year (see "Description of the Debentures"). The Warrants are redeemable at any time at a price of $55 for each share of Common Stock purchasable upon their exercise.

If stockholder approval is obtained, Bangor Punta will accept all shares of Piper common stock tendered pursuant to the Exchange Offers. With respect to all shares tendered prior to the date of such stockholder approval, Bangor Punta Common Stock, Debentures and Warrants will be delivered on the date of such approval or as soon thereafter as practicable. As shares are tendered after such date, Bangor Punta Common Stock, Debentures and Warrants will be delivered as soon as practicable on a daily basis.

This Exchange Offer expires 5:00 p.m., New York time, on July 29, 1969, unless extended by Bangor Punta.

On July 17, 1969, the last reported sale price for Bangor Punta Common Stock on the New York Stock Exchange was $24.50, and the reported bid price of the Warrants in the over-the-counter market was $7.50 (the Warrants are traded on the basis of a right to purchase one share of Common Stock). On the same date the last reported sale price for Piper common stock on the New York Stock Exchange was $67.00. There is no present market for the Debentures. Application will be made to list the Common Stock and the Debentures on the New York Stock Exchange and the Warrants on the American Stock Exchange.

As discussed under "Background of the Exchange Offers" Bangor Punta and Piper are subject to a voluntary consent decree which prohibits activities constituting offers to sell securities except in accordance with applicable federal securities laws.

The First Boston Corporation, as Dealer Manager, has agreed to use its best efforts to make arrangements for selected Soliciting Dealers, including itself, to solicit tenders of Piper common stock pursuant to this Exchange Offer. Bangor Punta has agreed to pay the Dealer Manager 30¢ for each tendered share of Piper common stock, but not less than $10,000. In addition, Soliciting Dealers will be paid $1.50 for each share of Piper common stock tendered through their efforts subject to a minimum of $20 with respect to any single tendering stockholder (see "The Exchange Offers—Solicitation of Tenders").

The First Boston Corporation

The date of this Prospectus is July 18, 1969.

difference between the value of such Common Stock, Warrants and Debentures on such commencement date and 330.

No guarantee of, or representation as to, the value of the securities offered by Bangor Punta pursuant to the Exchange Offers is or can be made.

The term "Exchange Offers" as used herein refers to both of the above-described exchange offers.

As of the date of this Prospectus Bangor Punta owned 120,200 shares of Piper common stock purchased in privately negotiated transactions. Such shares were purchased as follows:

Date	Number	Average Price per Share
May 14, 1969	78,600	79.25*
May 15, 1969	20,000	74.25
May 16, 1969	3,000	75.97
May 20, 1969	11,200	76.25
May 23, 1969	7,400	77.78

* A fee of $.75 a share was paid in connection with this purchase.

Chris-Craft Industries, Inc., is making an exchange offer for a limited number of shares of Piper common stock. As disclosed in its registration statement relating to its offer, Chris-Craft is offering its securities and cash for a minimum of 80,000 shares and a maximum of 300,000 shares (or at Chris-Craft's option up to 400,000 shares) of Piper common stock on the basis of (i) one share of its new $2 preferred stock (convertible between August 1, 1969 and June 1, 1979 into 2.4 shares of Chris-Craft common stock and redeemable after June 1, 1970, at $65 per share), (ii) warrants to purchase 2 shares of Chris-Craft common stock at any time on or before June 1, 1974 at a purchase price of $25 and (iii) $10 for each share of Piper common stock accepted. On June 6, 1969 Chris-Craft's shareholders approved the issuance of Chris-Craft securities pursuant to its exchange offer. Chris-Craft states that it is the owner of 556,206 shares of Piper common stock acquired as a result of a cash tender offer and open market and negotiated purchases.

Bangor Punta seeks to acquire control of Piper. Bangor Punta already owns or, as stated under "Background of the Exchange Offers", has contracted for a total of 621,290 shares of Piper, approximately 38% of the total outstanding. If it succeeds in acquiring at least a majority of the outstanding common stock of Piper, it would acquire the power to cause Piper to merge, consolidate, sell its assets or liquidate without concurrence of the remaining Piper common stockholders; however, in certain instances any minority shareholder who dissented from such action would have appraisal rights under Pennsylvania law. It is presently contemplated that if Bangor Punta acquires a majority of the common stock of Piper, Piper will be operated as a separate unit of Bangor Punta and that the present officers of Piper would occupy the same offices in such unit. However, Bangor Punta does not presently have sufficient information available to it to make any final decision as to these matters. Any such final decision by Bangor Punta depends upon, among other things, operational, tax, financial and other corporate considerations.

On May 22, 1969 Chris-Craft Industries, Inc. brought suit in the United States District Court for the Southern District of New York against Bangor Punta, Piper, The First Boston Corporation and certain of their respective officers and directors. The complaint alleges a conspiracy to frustrate an exchange offer to Piper shareholders then being made by Chris-Craft, seeks to enjoin the Exchange Offers and seeks damages of $45,000,000. All defendants who have been served have filed answers denying such allegations.

On May 26, 1969 Bangor Punta and Piper entered into a stipulation with the Securities and Exchange Commission pursuant to which a voluntary consent decree was entered in the United States District Court for the District of Columbia. In principal effect, the decree prohibited Bangor Punta and

NEWS

BANGOR PUNTA
405 PARK AVENUE, NEW YORK, N.Y. 10022 / (212) PL 8-6500
CONTACT: JACK C. MILNE

FOR IMMEDIATE RELEASE

SEC-S.E.C.
MAY 14 1969

New York, N. Y., May 8 -- Bangor Punta Corporation and the Piper family have reached an agreement whereby Bangor Punta will acquire the Piper family's more than 500,000 share interest in Piper Aircraft Corporation.

William T. Piper, Jr., who is president of Piper Aircraft, and David W. Wallace, chief executive officer of Bangor Punta, jointly announced the agreement and said they regarded the agreement as a first step in a proposed consolidation of the two companies.

Under the agreement, the Piper family will receive a package of Bangor Punta securities for their shares of Piper Aircraft.

Bangor Punta has agreed to file a registration statement with the SEC covering a proposed exchange offer for any and all of the remaining outstanding shares of Piper Aircraft for a package of Bangor Punta securities to be valued in the judgment of The First Boston Corporation at not less than $80 per Piper share. The registration statement covering all securities to be issued will be filed as soon as possible and a meeting of the shareholders of Bangor Punta Corporation will be called for approval.

EXHIBIT B

(more)

Mr. Piper said that in view of Bangor Punta's long-standing policy of maintaining autonomy in the management of its operating companies, and the similarity of operating philosophies between the two companies, he and the Piper family would strongly support the merger and would recommend it to all shareholders.

Mr. Wallace said Bangor Punta welcomed the association with Piper Aircraft, its world-wide distribution, and its prestigious product name. He said the consolidation would align the Piper Aircraft name with other leading Bangor Punta companies, including Smith & Wesson, Starcraft Company, and Waukesha Motor Company.

Bangor Punta manufactures a wide variety of recreational vehicles including sailboats, houseboats, snowmobiles, campers, trailers and motor homes. A merger of Bangor Punta and Piper Aircraft would bring Bangor Punta into the light aircraft manufacturing business.

Sales of the combined companies would reach $450,000,000 in fiscal 1969, with approximately $180,000,000, or 40%, in the aircraft, recreational and leisure time fields.

- 0 -

EXHIBIT 7
P.2.

JOURNAL
N. Y.
9 1969

Bangor Punta To Buy Big Block Of Piper Stock

Piper Family to Be Sellers; Pact Called a First Step Toward a Consolidation

Bangor to Seek All Shares

By a Wall Street Journal Staff Reporter

NEW YORK—Bangor Punta Corp., a frequent corporate suitor, said it agreed to acquire more than 500,000 shares—or at least 20%—of Piper Aircraft Corp. common stock from the Piper family.

The agreement is intended as a first step toward consolidation of Bangor Punta and Piper, officials of both companies said. Bangor Punta also is preparing an exchange offer for all remaining Piper shares, the officials said.

The agreement marks the latest in a long series of efforts by Piper to prevent Chris-Craft Industries Inc. from gaining a controlling interest in the Lock Haven, Pa. airplane maker. Chris-Craft owns 556,206 Piper common shares and has made an exchange offer for 500,000 more, which would bring its holdings to more than 52%.

A Chris-Craft spokesman said yesterday Chris-Craft would vigorously oppose the Piper-Bangor Punta agreement and any exchange offer. The spokesman said Chris-Craft's legal counsel considers the announcement "in violation of the Federal securities laws and Securities and Exchange Commis-

agreement and the probable ex-
terms, both the Piper family and
Piper shareholders would receive a pack-
Punta securities for their Piper
announcement said. Bangor Punta
the securities package it will offer for
held outside the family is worth, in the
of First Boston Corp., not less than
Piper share. The Piper family will re-
more per-share" than other holders
offered, Bangor Punta said.

closed yesterday on the New
Exchange at $71.50, up $1.50 from

Wallace.

Chris-Craft Offer

On Wednesday, Chris-Craft announced terms of its offer to acquire 500,000 additional Piper shares. The offer is to exchange one share of new Chris-Craft $3 preferred and warrants to buy two shares of Chris-Craft common for each share of Piper held. Each warrant entitles holders to buy one share of Chris-Craft at $25 on or before June 1, 1974. The Chris-Craft preferred is convertible into 2.4 shares of Chris-Craft common between Jan. 1, 1970 and June 1, 1973. The preferred is redeemable at $55 a share after June 1, 1970, is entitled to one vote per share, and is entitled to $50 a share upon liquidation.

Piper sought previously to block the Chris-Craft bid for control by attempting to sell 300,000 shares of Piper unissued common to Grumman Aircraft Engineering Corp., but this plan was dropped after court opposition by Chris-Craft.

Later, Piper sought to acquire U.S. Concrete Pipe Co. of Florida and SouthPly Inc. in exchange for 470,000 Piper treasury shares. This plan, too, was dropped after the New York Stock Exchange suspended trading in Piper common April 7 on the ground that proper stockholder approval hadn't been secured. Trading in Piper common was resumed April 21.

Noting that the Grumman, U.S. Concrete and SouthPly agreements were terminated, the Chris-Craft spokesman said, "In most ball games three strikes is out."

"We're perfectly serious, and we don't think this is a baseball game," retorted David W. Wallace, Bangor Punta's president and chief executive officer.

In a joint announcement, Mr. Wallace and William T. Piper Jr., Piper's president, said a registration statement covering all securities to be issued would be filed with the Securities and Exchange Commission as soon as possible and a meeting of Bangor Punta shareholders will be called for approval.

Mr. Piper said he and the Piper family would strongly support merger of the two concerns and would recommend it to stockholders.

In Big Board trading yesterday, Bangor Punta common advanced $1.375 to $34.125, while Chris-Craft common fell $2.25 to $44.50.

Earnings Were Steady

In the six months ended March 31, Piper earned $2.7 million, or $1.68 a share, the same as in the year-earlier period. Sales were $51.1 million against $49.8 million. The 1968 figures are restated to reflect the Federal income tax surcharge. Piper said a change in the method of computing depreciation increased the 1969 earnings by seven cents a share.

Bangor Punta, in the first fiscal quarter ended last Dec. 31, earned $3 million, or 75 cents a share, on sales of $55.8 million, against net of $1.4 million, or 32 cents a share, on volume of $50.4 million a year earlier. The company had 4,015,000 shares outstanding in the first quarter against 2,937,000 a year earlier. The figures assume full conversion of all preference stock and all convertible notes. They include operations of Waukesha Motor Co. and Producers Cotton Oil Co., which were acquired in 1968.

Bangor Punta is a diversified concern. Among its interests are textiles, law-enforcement equipment, pleasure boats, agriculture, and railroads.

Last year Bangor Punta made a tender offer for stock of Harley-Davidson Motor Co., Milwaukee, acquired [illegible] of the common stock [illegible] Trenton, N.J., and negotiated

Paragraph 3 [illegible] interest in Piper Aircraft from the Piper family for securities valued at about $80 a Piper share. The diversified concern said it plans an exchange offer for the remaining Piper shares. This would rival a current bid by Chris-Craft Industries to boost its Piper holdings to more than 52%, a move Piper is fighting.

(Story on Page 5)

The New York Times
NEW YORK, N. Y.
CIRC. SUN. 1,445,507

MAY 9 1969

Pepsico to Buy Miller Brewing; Piper and Bangor Punta to Join

Deal With Grace Set

By LEONARD SLOANES

Pepsico, Inc., confirmed yesterday its interest in the Miller Brewing Company by announcing an agreement in principle to buy 53 per cent from W. R. Grace & Co.

The joint announcement by Pepsico and Grace stated that the purchase price was $120-million in cash and notes. About 32 months ago Grace bought majority control of Miller for $36-million in cash and stock from Mrs. Lorraine Mulberger, a descendant of the founder, and her family.

Yesterday three-paragraph statement from the two companies came in contrast to their reaction Wednesday when asked about a report of the sale of Miller. Then, a Grace spokesman, citing month-long rumors of the sale of its Miller stock, asserted: "We have no deal with Pepsico."

Officers of Pepsico were unavailable after its annual meeting in Wilmington, Del., at which the proposed purchase was not mentioned. And Miller, which had no comment yesterday, had nothing to say on Wednesday either.

The remaining 47 per cent of Miller is owned by DeRance, Inc., a charitable foundation organized by members of the Miller family. It is not involved in the sale, although there were rumors earlier this

Continued on Page 76, Column 5

Family to Sell Shares

By JOHN J. ABELE

The fight for control of the Piper Aircraft Corporation took a new turn yesterday with an announcement that the Bangor Punta Corporation had agreed to acquire over 500,000 shares of Piper Aircraft stock held by members of the Piper family.

The agreement was announced by William T. Piper Jr., president of Piper Aircraft, and David W. Wallace, chief executive officer of Bangor Punta, a highly diversified company with interests in law enforcement products, textiles, agricultural and industrial equipment and leisure-time products.

The two executives said they regarded the agreement as a first step in a proposed consolidation of the two companies."

Bangor Punta said it would exchange a package of its securities for the holdings of the Piper family and then would make an exchange offer for the remaining outstanding shares that would be valued "at not less than $80 per Piper share."

Piper stock closed on the New York Stock Exchange yesterday at $71.50 a share, up $1.50.

The Lock Haven, Pa., manufacturer of light aircraft has been trying for several months to avoid a takeover attempt by Chris-Craft Industries, which claims to own 506,206 shares

Continued on Page 68, Column 4

COMPANIES TAKE MERGER ACTIONS

Continued From Page 63

of Piper stock, or about 34 per cent of the 1,642,000 shares outstanding.

Earlier this week, Chris-Craft disclosed terms of an exchange offer it plans to make for an additional 300,000 shares of Piper, which, it said, would give Chris-Craft 32.15 per cent of Piper's stock.

In January, soon after Chris-Craft's interest in Piper was disclosed, Piper agreed to sell 300,000 shares of its authorized but unissued stock to the Grumman Aircraft Engineering Corporation. The deal was later canceled.

Chris-Craft Is Critical

In March, Piper announced two acquisitions involving the exchange of 470,000 shares of its stock. The acquisitions were later rescinded after the Stock Exchange suspended trading in Piper stock because the company had failed to secure the exchange's approval for listing of the additional shares.

The agreement between Bangor Punta and the Piper family was attacked yesterday by a spokesman for Chris-Craft who said the announcement was "manipulative and in violation of the Federal securities statutes and the rules of the Securities and Exchange Commission."

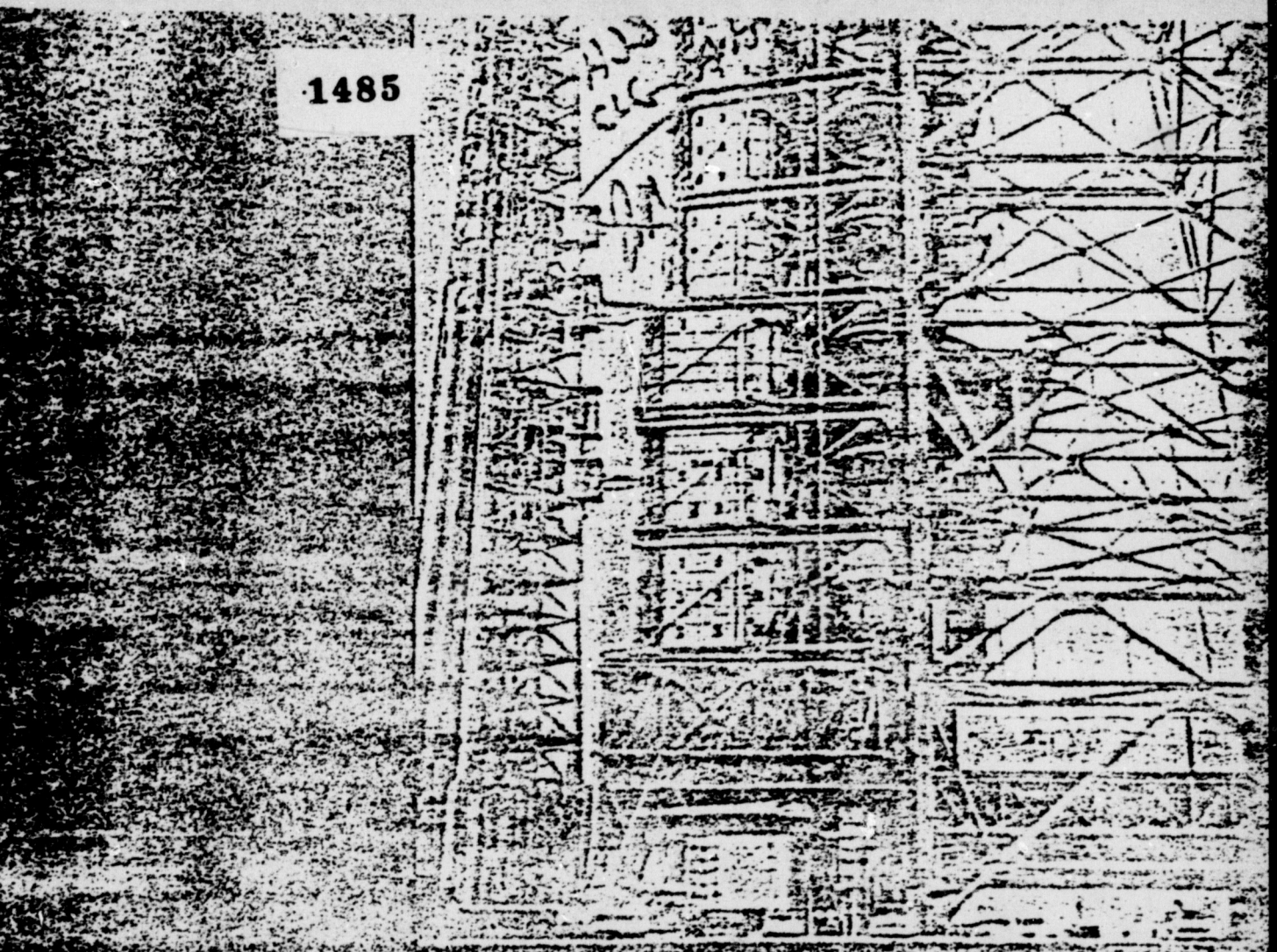
The spokesman said the proposal would be "vigorously opposed" by Chris-Craft.

Mr. Piper said he and the members of his family would "strongly support" a merger with Bangor Punta and would recommend such a move to the stockholders of Piper Aircraft.

Bangor Punta said the valuation of its exchange offer of $80 for each share of Piper represented the opinion of the First Boston Corporation.

The company also said a registration statement for the securities involved in the proposed exchange offer would be filed with the Securities and Exchange Commission as soon as possible. Shareholders of Bangor Punta also would have to approve issuance of the securities.

1485



BANGOR PUNTA

Bangor Punta and Piper Aircraft Corporation—A Blue Sky

On August 12, Piper Aircraft Corporation elected four officers and directors of Bangor Punta Corporation to its eight-man board of directors. Nicolas M. Salgo, W. Gordon Peterson, David W. Wallace and John L. Flick. William T. Piper, Jr., continues and a member of the Piper board. Mr. Salgo was elected chairman of the board and Flick was elected secretary of Piper.

It is important (of course, as it turns out) to remember that throughout this [illegible] management of Bangor Punta and Piper [illegible] and the Bangor Punta and Piper [illegible] beneficial from its affiliation with a large and strong company [illegible] outer-looking Bangor Punta [illegible]

INDEX TO TABLES AND CHARTS
BASIS FOR VALUATION OF COMMON STOCK
OF PIPER AIRCRAFT CORPORATION

PART I - INDUSTRY TABLES AND CHARTS

A TABLES AND CHARTS = FOR INDUSTRY; P TABLES AND CHARTS = PIPER CORPORATION

TABLES A-1 - A-7

A-1 - THE BIG THREE IN GENERAL AVIATION - TOTAL SALES AND SALES OUTSIDE GENERAL AVIATION

A-1A - GENERAL AVIATION INDEXES - UNITS AND BILLINGS 1960, 1966, 1969

A-2 - BREAKDOWN OF TOTAL SALES - BIG THREE - BY ALL PRODUCTS CLASSIFICATIONS - 1950-1959 - 1969

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THE BIG THREE IN GENERAL AVIATION
AND THEIR SALES OUTSIDE GENERAL AVIATION - 1969 CALENDAR YEARS

CESSNA - BEECH - PIPER

BIG THREE ACCOUNT FOR 85%-92% OF STRICTLY GENERAL AVIATION UNITS
PIPER, UNLIKE OTHER TWO, CONCENTRATES ALMOST ENTIRELY - 93% OF SALES ON AIRCRAFT & AIRCRAFT PARTS

BIG THREE ACCOUNT FOR 85%-92% OF STRICTLY GENERAL AVIATION BILLINGS

1969 DOLLARS (Millions)		TOTAL CORPORATE SALES		GENERAL AVIATION SALES		COMMERCIAL SALES		COMMERCIAL FLUID POWER		DEFENSE SALES	
		$	%	$	%	$	%	$	%	$	%
1. CESSNA		283	100	168	59.4	--	--	41[1]	14.5[1]	74	26.1
2. BEECH		187	100	113	60.1	32	17.0	--	--	43	22.9
3. PIPER		107	100	99	92.5	9	8.4	--	--	--	--
TOTAL		577	100	380	Av. 65.8						

1970 UNITS	1970 UNITS	(AIRCRAFT)	1969 UNITS	1969 %	
3,730	60.2	1. CESSNA	5,887	54.0	CESSNA ONLY 59% OF TOTAL CORPORATE SALES GENERAL AVIATION AIRCRAFT
793	12.8	2. BEECH	1,061	9.7	BEECH ONLY 60% OF TOTAL CORPORATE SALES GENERAL AVIATION AIRCRAFT
1,675	27.0	3. PIPER	3,951	36.3	PIPER 93% OF TOTAL CORPORATE SALES GENERAL AVIATION AIRCRAFT
6,198	100.0				1970 TOTAL INDUSTRY 7,283 - THEREFORE BIG THREE 85% OF TOTAL INDUSTRY UNITS '70
1969		TOTAL BIG THREE	10,899	100.0	1969 TOTAL INDUSTRY 12,457 - THEREFORE BIG THREE 88% OF TOTAL INDUSTRY UNITS '69
					1966 Total Industry 15,768

OTHER YEARS BIG THREE UP TO 92% INDUSTRY UNITS

1969 PIPER'S UNIT AIRCRAFT SALES 36% OF BIG THREE AND 32% OF TOTAL INDUSTRY UNITS SOLD
1970 PIPER'S UNIT AIRCRAFT SALES 27% OF BIG THREE AND 23% OF TOTAL INDUSTRY UNITS SOLD
PIPER NARROWEST PRODUCT LINE AND TOTALLY DEPENDENT ON CIVILIAN AIRCRAFT AND SMALL LINE $100,000& UNDER MARKET

[1] Includes All Commercial Sales

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TABLE A-1A

GENERAL AVIATION INDEXES - UNITS AND BILLINGS 1960, 1966, 1969

	UNITS									BILLINGS								
	1960			1966			1969			1960			1966			1969		
	UNITS	% BIG 3	% IND.	UNITS	% BIG 3	% IND.	UNITS	% BIG 3	% IND.	BILLINGS (Mil.)	% BIG 3	% IND.	BILLINGS (Mil.)	% BIG 3	% IND.	BILLINGS (Mil.)	% BIG 3	% IND.
INDUSTRY	7,588		100	15,768		100	12,457		100	151.2		100	444.9		100	584.5		100
BIG 3	6,995	100	92	13,881	100	88	10,899	100	88	134.9	100	90	306.2	100	69	356.9	100	61
CESSNA	3,720	53	49	7,909	57	50	5,887	54	47	56.7	42	38	128.8	42	29	145.6	40	25
BEECH	962	14	13	1,535	11	10	1,061	10	9	43.1	32	29	97.3	32	22	113.1	32	19
PIPER	2,313	33	30	4,437	32	28	3,951	36	32	35.1	26	23	80.1	26	18	98.2	28	17
OTHER AS ABOVE	1,293		17.0%	1,887		12%	1,558		13%	16.3		10%	138.7		31%	227.6		39%
OTHER AS BELOW	580			1,887														
AERO COMMANDER	155		0.2	229		1.5	344		2.8	11.9		7.9	51.5		11.6	25.4		4.3
AMER. AVIATION CORPORATION							270		2.2							2.6		
BELLANCA				65			107		0.9							2.5		
CHAMPION	248		0.3	331		2.1	293		2.4	1.5		1.0	2.3		0.5	2.9		
GRUMMAN - GULFSTREAM				70			36						N.A.			126.0		21.6
LAKE - 4 & 4-200	5			24			39			.1			.6			1.0		
LEAR JET 24&25				51			61						28.6		6.4	46.9		8.0
LOCKHEED - JETSTAR				24			14						36.0		8.1	N.A.		
MAULE				51			18						.6			.3		
MOONEY	172		0.3	779		4.9	376		3.0	2.8		1.9	15.4		3.5	20.5		3.5
NO. AM. ROCKWELL SABRELINER				36			N.A.						N.A.			N.A.		
ALON				138		0.9	---						1.1					
IMCO				89			---						1.3					
	% BIG 3	% IND.		% BIG 3	% IND.		% BIG 3	% IND.		% BIG 3	% IND.		% BIG 3	% IND.		% BIG 3	% IND.	
BIG THREE	100%	92%	✓	100%	88%		100%	88%	✓	100%	90%	✓	100%	69%		100%	61%	✓
OTHER THAN BIG 3		8%	✓		12%			12%	✓		10	✓		31%			39%	✓
CESSNA	53	49%		57	50%		54	47%		C 42	38		42	29%		C 40	25%	
BEECH	14	13%		11	10%		10	9%		B 32	29		32	22%		B 32	19%	
PIPER	33	30%		32	28%		36	32%		P 26	23	✓	26	18%		P 28	17%	✓
3/13/71	UNITS 1960			UNITS 1966			UNITS 1969			$ BILLINGS 1960			$ BILLINGS 1966			$ BILLINGS 1969		

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TABLE A-2 1491

BREAKDOWN OF TOTAL SALES - BIG THREE BY ALL PRODUCTS CLASSIFICATIONS
Piper - Light Aircraft Industry

Lower Priced and Smaller Than Major Airline Aircraft

Table II - Breakdown of Total Sales - Big 3 By All Products Classification

Calendar Years

	All Sales 1950	1959 All Sales	General Aviation 1959 General Aviation (Billions)	General Aviation 1959 Aircraft Units	Total 1959 All Sales	General Aviation 1969 & 1970 General Aviation (Billions)		General Aviation 1969 & 1970 Aircraft Units	
						1969	1970	1969	1970
Cessna	$ 7.16	$ 105.8	$ 45.7	3,588	$ 282.0	$ 145.6	97.4	5,887	3,736
Beech	16.45	89.5	35.7	893	187.3	113.1	80.7	1,061	798
Piper	3.91	34.3	33.1	2,530	106.6	98.2	48.5	3,951	1,678
Total	$27.52	$ 229.6	$114.5	7,011	575.9	356.9	226.6	10,899	6,198
Total Ind. (General Aviation Industry)			129.9	7,689		584.5	337.0	12,457	7,283

Total Ind. - Peak 1966 - Units - 15,768 -- Billings 1969 - $584.5 million

Industry Total - $	Prior to World War II	Never Over $5 million	
	1950 Only	$28	Million
	1958-59 Only	100	Million
Industry Units -	Peak - 1966	15,768	Units
	1968	13,698	Units
	1969	12,457	Units
	1970	7,283	Units

IV

TABLE A-3

BREAKDOWN OF TOTAL SALES AND ONLY GENERAL AVIATION SALES AND UNIT SHIPMENTS

BIG THREE ONLY - CESSNA - BEECH - PIPER

SELECTED YEARS - CALENDAR YEARS
1950, 1959, 1966, 1969

	1970 Aircraft Units $ (000,000)		Total Corporate Sales								Sales of General Aviation Planes & Parts						Unit SHIPMENTS		
			1950 Total Corp. $ Sales	%	1959 Total Corp. $ Sales	%	1966 Total Corp. $ Sales	%	1969 Total Corp. $ Sales	%	1959 Only General Aviation $ Sales	1959 % Of Total G.A. Sales %	1966 Only General Aviation $ Sales	1966 % Of Total G. A. Sales %	1969 Only G.A. $ Sales	1969 %Of G.A. $ Sales %	1959 Units	1966 Units Peak Year	1969 Unit
Cessna	97.4	3,730	$7.2	26%	$70	36%	$204	45%	$283	50%	46	40%	$129	42	$146	41	3588	7,909	5,887
Beech	80.7	793	$16.5	60%	90	46%	165	37%	187	32%	36	31%	97	32	113	32	893	1,535	1,061
Piper	48.5	1,675	3.9	14%	34	18%	81	18%	107	18%	33	29%	80	26	99	28	2530	4,437	3,957
Big 3	226.6	6,198	27.6	100%	194	100%	450	100%	577	100%	115	100%	306	100%	358	100%	7011	13,881	10,8
Tot.Ind.	337.0	7,283													UNITS		7689	15,768	12,4
Piper % of Ind.	14%			14%		18%		18%		18%		29%		26%		28%			
Piper % Ind. Units	23%																33%	29%	32
Piper - 1970									$68					$ Es. 49					

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CALENDAR YEARS

Cessna, Beech, Piper
Units Shipped and Manufacturers' Billings
World-Wide U. S. Manufacturing

TABLE 4

	1970	1969	1968	1967	1966	1965	1964	1963	1962	1961	1960	1959	195
UNITS													
Cessna	3,730	5,037	6,578	6,233	7,909	5,629	4,188	3,443	3,194	2,738	3,720	3,588	
Beech	793	1,061	1,347	1,260	1,535	1,192	1,103	1,061	830	818	962	893	
Piper	1,675	3,951	4,228	4,400	4,437	3,776	3,189	2,301	2,139	2,646	2,312	2,520	
Total Big Three	6,198	10,049	12,153	11,983	13,881	10,597	8,480	6,805	6,163	6,202	6,995	7,011	
Total Industry	7,283	12,457	13,698	13,577	15,768	11,852	9,336	7,569	6,697	6,776	7,588	7,639	
% Big Three of Industry	85.1%	85.9%	88.7%	88.3%	88.0%	89.4%	90.8%	89.9%	92.0%	91.5%	92.2%	91.2%	
Piper Fiscal Yr. - An. Reports		4,077	4,474	4,302	4,284	3,818	2,933	2,177	2,223	2,476	2,595	2,385	
Manufacturers Net Billings ($Mil.)													
Cessna BILLINGS	97.4	$145.56	143.05	116.56	128.64	97.24	66.82	55.66	50.18	42.27	56.66	45.70	
Beech	80.7	113.08	115.74	91.96	97.28	72.21	54.92	38.59	37.36	37.07	43.06	35.70	
Piper	48.5	98.22	85.34	79.43	80.10	61.66	54.48	38.54	32.14	28.89	35.10	33.13	
Total Big Three	226.6	$356.86	344.13	287.95	306.22	231.11	176.22	132.79	119.68	108.23	134.82	114.53	
Total Industry	337.0	584.46	425.68	359.63	444.91	318.27	198.88	153.42	136.84	124.32	151.22	129.88	
% Big Three of Industry	67.1%	61.1%	80.8%	80.1%	68.8%	72.6%	88.6%	86.6%	87.5%	87.1%	89.2%	88.2%	
Piper Fiscal Yr. - An. Reports		98.93	89.86	74.39	76.12	64.72	51.00	34.99	31.04	28.57	37.10	31.98	
Industry Market Segregation - Retail Value ($ Millions)													
Owner Flown		INDUSTRY MARKET SEGMENTATION (PLANE CLASSES)											
Single Engine		1969	1968	1967	1966	1965	1964	1963	1962	1961	1960	1959	
2 Place $ 8-14,000 Class 1		44.0	39.7	43.5	48.5	25.8	15.8	9.3	7.1	13.0	8.2	11.8	7.
4 Place 14-17,000 Class 2		35.8	47.1	39.0	39.6	40.7	29.9	29.9	22.0	14.6	21.7	24.5	23.
4-6 Place 19-25,000 Class 3		55.7	57.6	59.5	61.7	27.8	40.4	29.2	30.6	24.7	25.8	27.4	28.
4-6 Place 30-40,000 Class 4		43.5	42.7	39.8	51.1	42.6	43.2	30.7	29.9	30.8	40.8	29.7	17.
Total Single Engine		179.0 34.0%	187.1	181.8	200.9 46%	136.9	129.3	99.1	89.6	83.1	96.5	93.4	77.
Light Twin Engine													
4-6 Place $50-100,000 Class 5		89.7	84.7	85.3	116.0	88.8	80.4	62.1	49.2	41.5	48.8	38.8	36.
Total Owner Flown	+85%	268.7	271.8	267.1	316.9	225.7	209.7	161.2	138.8	124.6	145.3	132.2	113.
Professionally Flown	1960-1969	17.0% 51.0%			116=26% 317=72%								
6-11 Place $100-480,000 Class 6,7,8	+170%	259.6	212.7	151.5	122.5	95.3	34.6	36.1	36.4	34.0	49.6	37.3	26.
Grand Total	1960-1969	528.3	484.5	418.6	439.4	321.0	244.3	197.3	175.2	158.6	194.9	169.5	140.
(Source - Aerospace Industrial Assn. Data)					123=28%								
Total Corp. Sales - Cessna ($ Mil)		283.0	269.0	217.8	204.4	151.2	125.2	97.9	90.4	87.3	103.3	70.1	86.
Beech		187.3	184.4	134.2	164.6	122.5	107.2	73.2	67.2	72.0	98.9	89.5	95.
Piper		106.6	96.7	80.4	81.3	69.4	54.4	38.1	33.3	31.4	40.2	34.3	27.

Source; General Aviation Manufacturers Assn., Inc.; Aerospace Industries Assn. data

TABLE A 4

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GENERAL AVIATION INDUSTRY - UNITS AND BILLINGS 1965-1969

Source: General Aviation Manufacturers Association
Calendar Years

	UNITS					BILLINGS				
	1965	1966	1967	1968	1969	1965	1966	1967	1968	1969
TOTAL BIG THREE (Piper, Cessna, Beech)	10,597	13,881	11,983	12,153	10,699	231,113	306,225	287,949	344,130	356,856
TOTAL INDUSTRY*	11,852	15,768	13,577	13,698	12,457	318,266	444,910	359,630	425,682	584,458
BIG 3 - % OF INDUSTRY	89%	88%	88%	89%	87%	73%	69%	80%	81%	61%
JANUARY	856	1,187	1,163	1,254	917	18,974	33,166	28,935	33,548	36,693
FEBRUARY	752	1,173	1,025	1,191	1,038	17,479	31,125	28,025	35,474	38,311
MARCH	1,024	1,495	1,204	1,216	1,342	25,614	36,060	31,373	35,388	45,983
APRIL	1,082	1,385	1,097	1,281	1,364	27,056	34,072	28,344	34,681	53,286
MAY	948	1,485	1,199	1,250	1,193	26,267	37,468	30,840	36,635	12,177
JUNE	978	1,396	1,184	1,014	1,035	27,425	37,732	32,606	33,368	38,428
JULY	985	1,093	983	998	917	27,818	28,388	24,819	34,072	34,315
AUGUST	1,040	1,266	886	916	738	26,471	36,052	26,429	33,551	32,891
SEPTEMBER	834	1,522	927	1,458	1,170	26,451	38,845	25,678	42,241	36,209
OCTOBER	1,112	1,073	1,403	1,075	1,192	26,201	28,865	33,385	34,472	36,356
NOVEMBER	1,120	1,301	1,133	1,008	722	28,961	36,058	31,761	35,149	30,912
DECEMBER	1,111	1,211	1,273	985	779	37,871	30,479	36,846	37,103	32,807
PIPER - Cal. Yrs.	3,776	4,437	4,490	4,228	3,951	61,664	80,100	79,430	85,344	98,224
CESSNA - Cal. Yrs.	5,629	7,909	6,233	6,578	5,887	97,238	128,841	116,558	143,049	145,560
BEECH - Cal. Yrs.	1,192	1,535	1,260	1,347	1,061	72,211	97,284	91,961	115,737	113,082

PERCENTAGE DECLINE 1970 vs. 1969
UNITS - PIPER 58% - CESSNA 37% - BEECH 25%
UNITS INDUSTRY 42% - BIG 3 43%

BILLINGS - PIPER 51% - CESSNA 33% - BEECH 29%
BILLINGS INDUSTRY 42% - BIG 3 36%

*General Aviation Manufactuers Association items do not add exactly to totals because of certain adjustments

BIG THREE GENERAL AVIATION - UNITS AND BILLINGS 1965-1969 THROUGH 1969 xxxxxx

Source: General Aviation anufacturers Association

TABLE A-

	UNITS Calendar Years					BILLINGS				
	1965	1966	1967	1968	1969	1965	1966	1967	1968	1969
TOTAL BIG THREE - % of IND.	89%	88%	88%	89%	87%	73%	69%	80%	81%	61%
(Piper, Cessna, Beech)	10,597	13,881	11,983	12,153	10,899	231,113	306,225	287,949	344,130	356,856
TOTAL INDUSTRY	11,852	15,768	13,577	13,698	12,457	318,266	444,910	359,630	425,682	584,453
TOTAL - PIPER	3,776	4,437	4,490	4,228	3,951	61,664	80,100	79,430	85,344	98,224
JANUARY	296	343	376	345	282	4,972	6,000	5,900	7,804	7,759
FEBRUARY	267	344	321	355	388	4,805	6,000	4,900	7,241	9,759
MARCH	400	485	384	426	466	6,562	8,100	6,100	8,282	10,361
APRIL	422	387	331	455	462	6,826	6,500	5,600	8,259	11,013
MAY	315	461	419	432	385	5,435	8,500	7,000	8,666	8,981
JUNE	337	408	404	306	309	5,213	7,800	6,900	5,538	6,997
JULY	341	325	331	300	303	5,608	5,700	5,600	5,308	7,363
AUGUST	372	343	372	329	256	6,257	7,100	6,800	6,554	6,091
SEPTEMBER	226	423	417	393	326	3,892	7,400	7,800	8,226	8,211
OCTOBER	172	217	366	328	369	2,114	4,900	7,830	7,373	8,723
NOVEMBER	334	350	354	300	241	5,180	5,900	6,700	6,793	6,066
DECEMBER	294	351	415	259	164	4,800	5,900	8,300	5,300	4,800
TOTAL - CESSNA	5,629	7,909	6,233	6,578	5,887	97,238	128,841	116,558	143,049	145,560
JANUARY	405	617	546	613	439	7,152	10,321	9,156	11,165	11,737
FEBRUARY	311	579	462	600	439	6,553	9,886	8,972	12,625	11,534
MARCH	412	717	554	537	644	7,948	11,508	10,413	12,324	14,973
APRIL	440	705	558	603	635	8,118	11,166	9,913	13,661	16,979
MAY	422	705	554	565	553	7,999	10,474	9,765	12,448	14,968
JUNE	424	686	550	474	463	7,926	11,573	10,493	11,137	11,000
JULY	430	504	450	467	382	7,305	7,975	7,651	11,904	11,781
AUGUST	455	658	284	340	305	7,001	10,320	6,047	9,957	9,129
SEPTEMBER	391	812	301	830	665	6,848	13,572	6,363	14,461	12,070
OCTOBER	746	609	828	515	617	9,787	8,773	12,851	9,654	11,078
NOVEMBER	589	683	546	503	307	10,231	11,453	11,675	8,761	6,229
DECEMBER	604	634	600	531	438	10,370	11,820	13,259	14,952	14,082
TOTAL - BEECH	1,192	1,535	1,260	1,347	1,061	72,211	97,284	91,961	115,737	113,082
JANUARY	87	97	125	148	96	4,266	6,170	8,558	8,717	10,545
FEBRUARY	93	126	117	120	100	4,450	7,224	9,142	8,627	12,077
MARCH	109	127	128	109	121	5,664	7,356	10,110	7,720	11,777
APRIL	107	134	96	84	118	6,016	7,676	7,933	6,753	11,261
MAY	105	160	109	120	121	6,234	10,008	7,666	10,338	11,036
JUNE	105	157	88	113	114	6,478	10,145	6,322	9,769	11,485
JULY	98	112	81	114	99	6,099	6,426	5,711	10,591	8,753
AUGUST	104	126	103	112	52	5,923	8,095	7,921	10,039	5,281
SEPTEMBER	108	127	97	124	47	6,703	8,610	6,038	12,507	5,835
OCTOBER	84	126	90	105	74	5,275	8,933	7,114	9,666	9,357
NOVEMBER	92	131	103	99	64	7,237	10,695	6,946	10,600	8,507
DECEMBER	100	112	123	99	55	7,866	5,946	8,500	10,410	7,168

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Selected Financial Data 1950 - 1970 TABLE 4-7

Big Three In General Aviation ight Aircraft Industry

(P) Piper - (C) Cessna - (B) Beech and .so DJIA - Earnings & Dividends

Source: Beech & Piper Annual Reports - Yrs. 1960-1970 - Sales, Earn. & Div.; Other Statistics S&P Listed Stock Reports.

Fiscal Year 9/30	Sales[2] ($ Millions) P	C	B	% Operating Income of Sales[1] P	C	B	Net Income After Taxes ($ Millions) P	C	B	% Net Income of Sales P	C	B	Net Inc. Per Sh. P	C	B	Dividends Per Sh. P	C	B	DJIA Earn.	Div
Est. 1970	68.4	254.07	160.2	def.	11.1	def.	(0.78)	9.22	def.	0.0	3.6	def.	(0.47)	1.50[3]	d1.67	0.00	0.80[4]	0.75	51.69	31.
1969	106.6	282.30	187.31	10.8	13.0	3.5	4.80	15.22	1.98	4.5	5.4	1.1	2.92	2.14	0.43	1.40	0.78	0.75	57.86	32.
1968	96.72	269.04	184.36	10.6	12.0	9.7	3.86	12.80	7.78	4.0	5.1	4.2	2.36	1.81	1.72	1.40	0.67	0.68	57.89	31.
1967	80.44	213.62	174.11	9.5	11.7	10.2	2.99	10.77	9.04	3.7	5.0	5.2	1.83	1.52	2.01	1.40	0.67	0.55	53.87	29.
1966	81.31	202.14	164.13	17.5	14.4	10.3	6.87	13.87	8.77	8.4	6.9	5.3	4.23	1.97	1.95	1.50	0.64	0.46	57.68	30.
1965	69.09	148.42	122.48	18.7	16.1	8.9	6.20	11.03	5.51	9.0	7.4	4.9	3.82	1.57	1.23	1.35	0.55	0.39	52.87	28.
1964	54.38	122.94	107.20	18.1	13.6	6.7	4.48	7.54	3.42	8.2	6.1	3.2	2.77	1.09	0.76	1.00	0.48	0.38	46.43	25.
1963	38.09	96.44	73.86	16.4	12.5	4.5	2.62	5.13	1.99	6.9	5.3	2.7	1.63	0.74	0.45	0.67	0.48	0.38	41.21	23.
1962	33.34	89.31	67.66	14.1	12.7	9.4	1.77	4.66	2.95	5.3	5.2	4.4	1.10	0.68	0.66	0.67	0.48	0.38	36.45	22.
1961	31.42	87.65	72.02	6.1	14.4	7.4	0.85	5.23	2.56	2.7	6.0	3.6	0.53	0.75	0.58	0.73	0.48	0.26	31.91	21.
1960	40.21	103.28	98.87	19.5	16.8	10.5	3.52	7.28	4.85	8.8	7.0	4.9	2.33	1.07	1.12	0.70	0.35	0.32	32.21	20.
1959	34.26	105.79	89.54	19.0	17.3	10.3	2.78	7.94	3.97	8.1	7.5	4.4	1.91	1.18	0.90	0.67	0.28	0.31	34.31	19.
1958	27.11	86.16	95.89	18.9	16.1	8.1	2.19	4.76	3.32	8.1	5.5	3.5	1.57	0.89	0.77	0.67	0.22	0.29	27.95	19.
1957	25.62	70.05	103.90	23.2	12.9	7.7	2.72	3.87	3.37	10.2	5.5	3.1	1.96	0.73	0.78	0.67	0.20	0.22	35.08	20.
1956	25.08	66.27	74.54	23.1	15.0	10.9	2.95	4.21	3.33	10.2	6.4	4.5	1.92	0.79	0.77	0.53	0.16	0.21	33.34	20.
1955	16.31	50.11	76.97	19.0	13.8	11.1	1.40	2.84	3.59	8.3	5.7	4.7	1.08	0.54	0.83	0.36	0.14	0.17	35.78	18.
1954	11.42	45.11	78.03	8.6	13.4	1.4	0.43	2.18	3.39	3.8	4.8	4.3	0.31	0.41	0.78	0.27	0.07	0.64	28.18	16.
1953	12.48	42.56	140.46	7.5	10.6	def.	0.40	1.13	2.32	3.2	2.6	def.	0.28	0.21	def.	0.14	0.10	0.10	27.23	15.
1952	9.91	41.07	90.91	10.6	11.7	6.3	0.40	1.16	1.69	4.0	2.8	1.9	0.27	0.22	0.39	0.15	0.05	0.11	24.78	15.
1951	5.84	26.48	32.80	14.2	9.6	5.7	0.54	0.80	0.74	9.2	3.0	2.4	0.39	0.16	0.17	0.11	0.03	0.11	26.59	15.
1950	3.91	7.16	16.45	def.	6.7	7.0	d0.18	0.23	0.59	def.	3.2	2.0	def.	0.04	def.	0.03	0.04	0.12	30.70	15.
1951=100	5.8	26.5	32.8				$0.54	0.80	0.74				$ 0.39	0.16	0.17	0.11	0.03	0.11	26.6	15.
1959	34.3	105.8	89.5				2.78	7.94	3.97				1.91	1.18	0.90	0.67	0.28	0.31	34.3	19.
1959 Index	591	308	273	vs. 1951			515	993	536	INDEX			490	738	529	609	933	282	129	12(
1959=100	34.3	105.8	89.5				2.78	7.94	3.97				1.91	1.18	0.90	0.67	0.28	0.31	34.3	19.
$ 1966	81.3	202.1	164.1				6.87	13.87	8.77				4.23	1.97	1.95	1.50	0.64	0.46	57.68	30.
1966 Index	237	191	183	vs. 1959			247	175	221	INDEX			221	167	217	224	229	143	168	15(
1966=100	81.3	202.1	164.1				o.87	13.87	8.77				4.23	1.97	1.95	1.50	0.64	0.46	57.68	30.
$ 1969	107	282	187				4.80	15.22	1.98				2.92	2.14	0.43	1.40	0.78	0.75	57.02	32.
1969 Index	132	140	114	vs. 1966			70%	110%	23%	INDEX			69%	109%	22%	93%	122%	163%	99%	10(
1969=100	107	282	187				4.80	15.22	1.98				2.92	2.14	0.43	1.40	0.78	0.75	57.02	32.
$ 1970	63	254	160				(0.78)	10.4	def.				(0.47)	1.31	def.	0.00	0.80	0.75	52.50	31.
1970 Index	64%	90%	62%	vs. 1969			(0.78)	68%	def.				(0.47)	61%	def.	0.00	103	100	92%	9(

[1] S&P Operating Income = Company's Operating Profits Plus Depreciation As Reported by Companies.

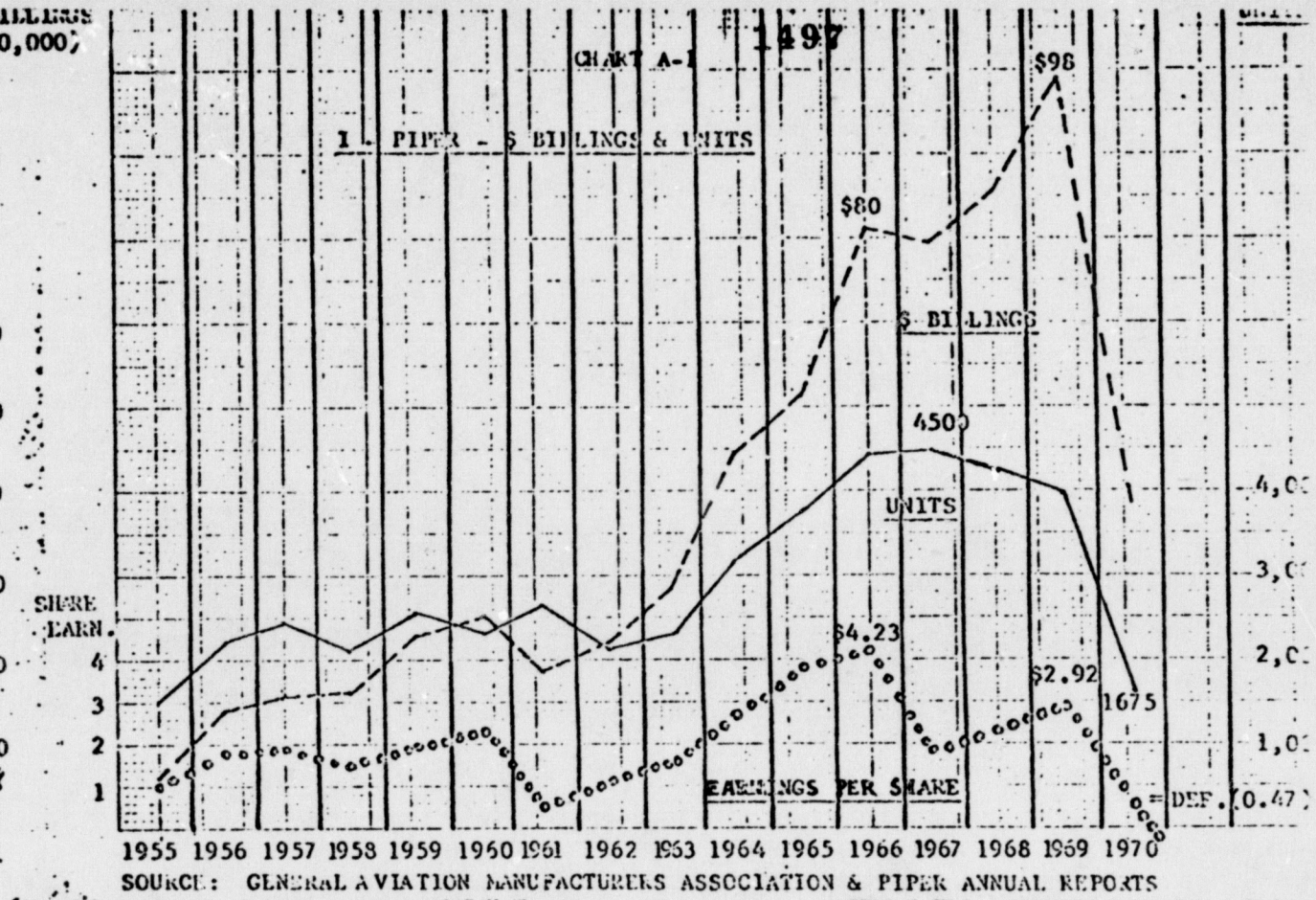
[2] 1970 Sales Est. Piper down 30% Beech down 15%, Cessna down 10%
1970 Net Income and Income Per Share Piper def (0.47) Beech a deficit and Cessna down only 39% - Piper net deficit 1970 - 0.47 Per Shar

[3] Cessna - Consistent - quality stock over in fiscal 1970, only except 10% sales decline

[4] Cessna Div. Rate 1971 - 0.60

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CHART A-1



SOURCE: GENERAL AVIATION MANUFACTURERS ASSOCIATION & PIPER ANNUAL REPORTS

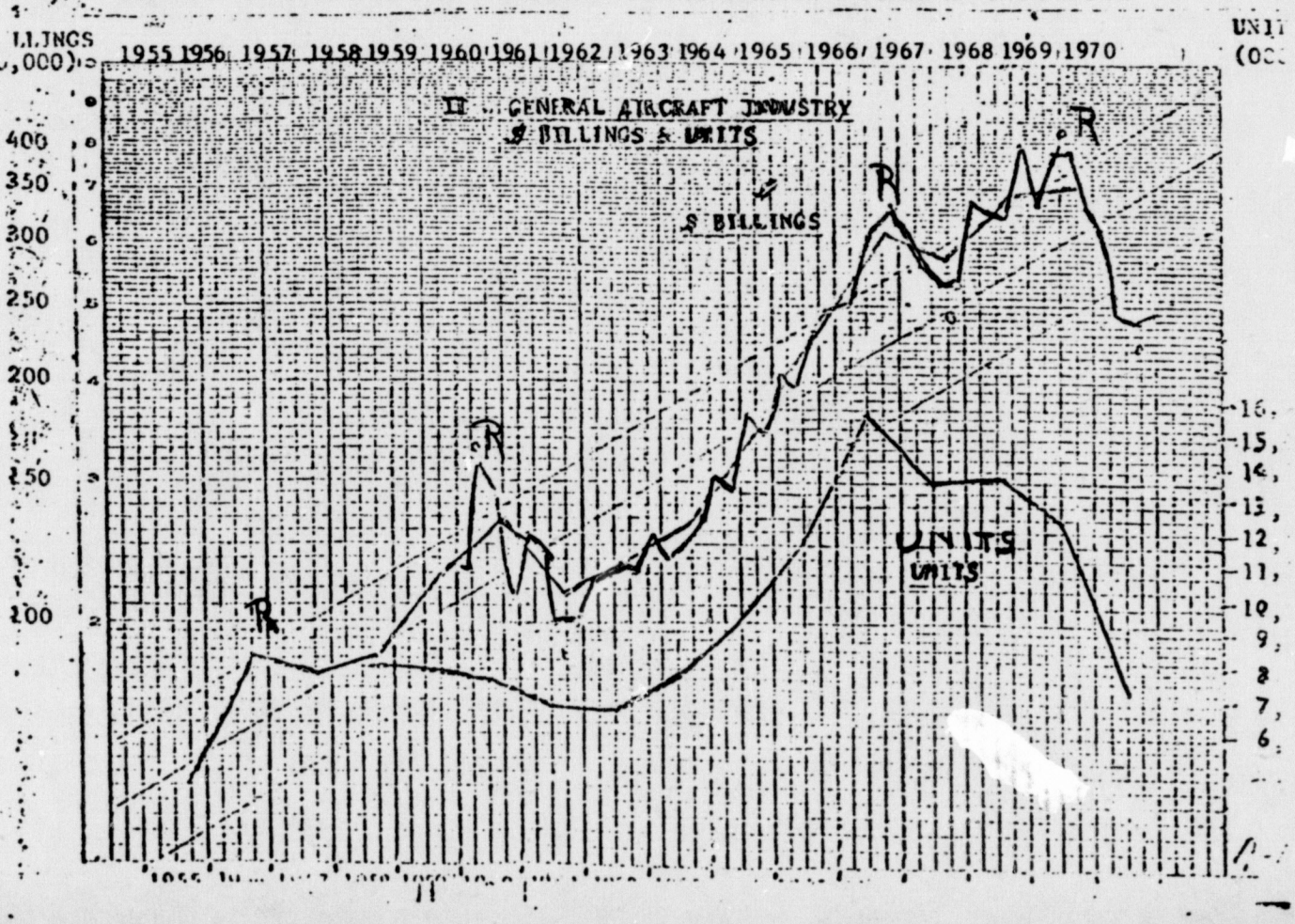
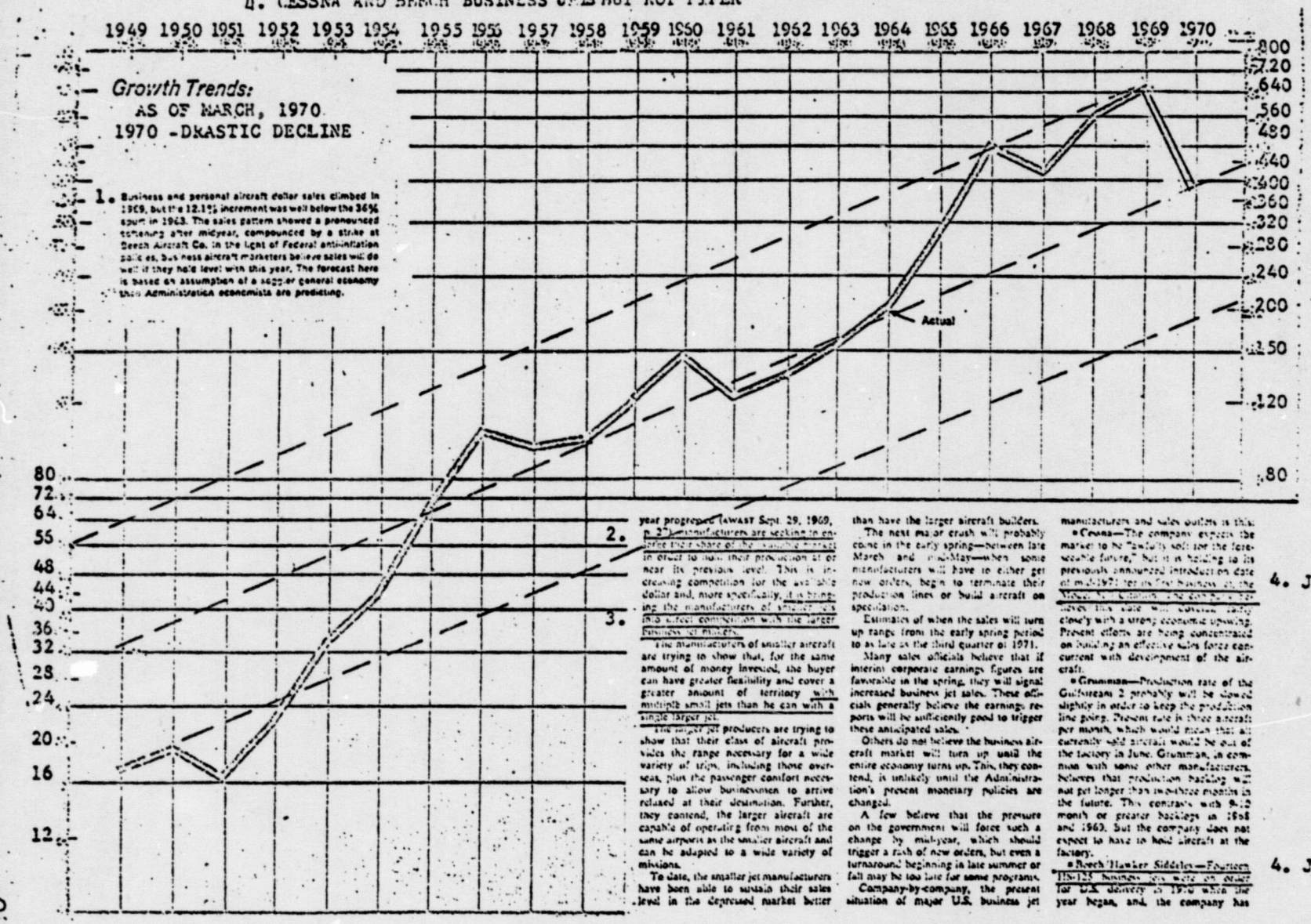


CHART A-2

BUSINESS AND PERSONAL AIRCRAFT DOLLAR SALES
($ MILLIONS)

1. RATE OF GROWTH DECLINED SHARPLY IN 1969 AND BECAME SHARPLY NEGATIVE IN 1970
2. MANUFACTURERS SEEKING TO ENLARGE THEIR SHARE OF MARKET
3. MANUFACTURERS OF SMALLER JETS - GREATER COMPETITION FROM MANUFACTURERS OF LARGE JETS
4. CESSNA AND BEECH BUSINESS JETS BUT NOT PIPER



year progress (AWAST Sept. 29, 1969, p. 2). Manufacturers are seeking to enlarge their share of the smaller market in effort to keep their production at or near its previous level. This is increasing competition for the available dollar and, more specifically, is bringing the manufacturers of smaller jets into direct competition with the larger business jet makers.

2.

The manufacturers of smaller aircraft are trying to show that, for the same amount of money invested, the buyer can have greater flexibility and cover a greater amount of territory with multiple small jets than he can with a single larger jet.

3.

The larger jet producers are trying to show that their class of aircraft provides the range necessary for a wide variety of trips, including those overseas, plus the passenger comfort necessary to allow businessmen to arrive relaxed at their destination. Further, they contend, the larger aircraft are capable of operating from most of the same airports as the smaller aircraft and can be adapted to a wide variety of missions.

To date, the smaller jet manufacturers have been able to sustain their sales level in the depressed market better than have the larger aircraft builders.

The next major crush will probably come in the early spring—between late March and mid-May—when some manufacturers will have to either get new orders, begin to terminate their production lines or build aircraft on speculation.

Estimates of when the sales will turn up range from the early spring period to as late as the third quarter of 1971.

Many sales officials believe that if interim corporate earnings figures are favorable in the spring, they will signal increased business jet sales. These officials generally believe the earnings reports will be sufficiently good to trigger these anticipated sales.

Others do not believe the business aircraft market will turn up until the entire economy turns up. This, they contend, is unlikely until the Administration's present monetary policies are changed.

A few believe that the pressure on the government will force such a change by midyear, which should trigger a rush of new orders, but even a turnaround beginning in late summer or fall may be too late for some programs.

Company-by-company, the present situation of major U.S. business jet manufacturers and sales outlets is this:

• Cessna—The company expects the market to be "awfully soft for the foreseeable future," but it is holding to its previously announced introduction date of mid-1971 for its first business jet, the Citation. It claims the economy has slowed this sale somewhat, but closely with a strong economic upswing. Present efforts are being concentrated on building an effective sales force concurrent with development of the aircraft.

4. Jets

• Grumman—Production rate of the Gulfstream 2 probably will be slowed slightly in order to keep the production line going. Present rate is three aircraft per month, which would mean that all currently sold aircraft would be out of the factory in June. Grumman, in common with some other manufacturers, believes that production backlog will not get longer than two-three months in the future. This contrasts with 9-12 month or greater backlogs in 1968 and 1969. But the company does not expect to have to hold aircraft at the factory.

• Beech/Hawker Siddeley—Fourteen HS-125 business jets were on order for U.S. delivery in 1970 when the year began, and the company has

4. Jets

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4/30/70

manufacturer remains more optimistic than most U.S. firms and will increase HS-125 deliveries to the U.S. to three per month in March and to four per month by year-end. Reasons for the optimism center around the recent sales agreement negotiated with Beech, under which the U.S. company will handle marketing and service support in this country. Hawker Siddeley sales officials also are confident the U.S. economy will improve in the second half of the year. Finally, if anticipated second-half sales do not materialize, Hawker Siddeley probably would be able to divert at least some of the production planned for the U.S. market to other areas of the world.

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■ **Lockheed**—Production rate already has been reduced from a previously planned 21 aircraft for 1970 to 13 aircraft for the year. Lockheed already has some factory inventory, and delivery time is only the time needed to install customer options. Lockheed also is faced by the problem of an aging design, since the JetStar was among the first business jets on the market. A major modification aimed at increasing range currently is under study, with a decision likely by the end of March. Any change would have to be capable of being retrofitted to existing aircraft. Lockheed also is continuing to refine its studies of an advanced, three-engine business jet tentatively called the JetStar 3 (AW&ST Jan. 5, p. 20), but delays in the engine development program have taken some of the urgency from this project.

■ **North American Rockwell**—Production rate of the Sabreliner business jet was decreased late last year, and the company does not anticipate any further slowdown will be necessary. Sales are expected to be 10-15% below last year. North American Rockwell is continuing an aggressive development program begun several years ago on the Sabreliner. Latest version flying is the Series 70, which may receive Federal Aviation Administration certification before mid-year (AW&ST Feb. 16, p. 57). Testbed aircraft with the first flightworthy Garrett AiResearch ATF3 turbofan is expected to fly next summer also, preceding development of a fan version of the Sabreliner.

■ **Pan American World Airways**—Pan American's Business Jets Div., which markets the Dassault Fan Jet Falcon in the Western Hemisphere, is anticipating sales of about 20 aircraft in the U.S. in 1970, down slightly from the 23 delivered in 1969 and well under an initial sales projection of 30 made before the end of 1969. The company is committed to accept Falcon's from the French manufacturer at a constant rate through 1971, and airline inventory already is high. If the company meets its 1970 sales projections, it may wind up the year with as many as 25 unsold aircraft. Action to prevent this is under way, with the possibility of enlisting the sales assistance of Garrett's AiResearch Aviation Co. AiResearch will be dropped as an HS-125 dealer when its present contract expires at the end of 1971, despite a generally good record as a sales outlet for that aircraft. Hawker Siddeley's tie-up with Beech is forcing this, since Beech objects to AiResearch on the grounds that it supports the Swearingen Merlin 2 turboprop program, which is competitive with Beech's King Air.

■ **Gates Learjet**—Gates delivered 61 business jets in 1969 and, alone among business jet manufacturers, expects to increase this number in 1970. Production rate, now at six per month, will go to seven per month in June and eight per month in October. The company's marketing planners say they captured 18% of the total business jet market (in units) in 1968, 29% in 1969 and expect to increase this "substantially" in 1970. In addition to continued strong demand for the company's business jet line, it has received seven orders, with deposits, for its twin-engine Gates Twinjet helicopter, which will not make its first flight until 1971. Key to the company's present prosperity has been a strong export marketing effort which has sold five aircraft so far this year, plus heavy repeat orders from domestic users. So far in 1970, about 30% of the aircraft on order are from firms which already operate Learjet aircraft. The company says that over an extended period, the repeat business has provided 20-25% of its total sales. Present backlog is three to four months, but some newer models, which will not come on the market until mid-year, are sold into September. Although December and January were slow sales months, the company has not altered its original sales plan developed last summer.

With the exception of Gates Learjet, most business jet manufacturers sum up the prospects for 1970 as "tough." And Gates officials say that sales have not been coming easy.

Faced with an uncertain short-term economic situation and in some cases with little or no order backlog to sustain production, manufacturers may find themselves faced with either committing their own capital to keep production going or temporarily shutting down their lines.

Either course is expensive.

If the economic slowdown proves to be relatively short, most manufacturers probably will stay in the market with only minor damage. If it extends past the fall months of 1970, the probability that three or more of the present 10 manufacturers may be forced out of the market is great.

TABLE P-1

PIPER AIRCRAFT UNIT SALES 1956-1970 FISCAL YEARS
(See Also Table P-1A Following)

ONLY TWINS - APACHE - AZTEC - TWIN COMANCHE - NAVAJO

Type		1956	1957	1958	1959	1960 **	1961	1962	1963 **	1964	1965	1966	1967 **	1968	1969 ** POCONO ABORTED	1970
(Exclusion of Military)																
SUPER CUB	PA-18	275	361	197	452[1]	356[1]	233	138	168	141	139	141	138	138	109	66
SUPER CUB - AGR. MODEL	PA-18A	447	446	423												
COLT							1035	413	261	138	1					
TRI-PACER	PA-22	1134	1143	803	630	594	46	8	12							
APACHE - TWIN	PA-23#	415	450	307	321	106	97	44	79	22	13	7	- *	- *	- *	
AZTEC - TWIN	PA-23##	TWIN			*Twin	308	176	221	211	236	367	408	280	277	358	184
PANTHER	PA-25				12	375	241	273	355	473	631	442	337	363	348	152
CHEROKEE	PA-140, 150, 160						90	687	681	1218	1,873	1,996	2,455	2,115	1,821	1,171
CHEROKEE - SIX SINGLE											S 93	655	517	269	343	77
CHEROKEE ARROW													65	844	517	169
COMANCHE - SINGLE	PA-24		3	436	970	856	558	439	304	245	365	260	138	93	101	50
TWIN COMANCHE	PA-30	TWIN			*TWIN	COMANCHE			106	460	316	375	303	166	232	107
NAVAJO		TWIN			*TWIN	1960			1963			*NAVAJO	* 69	209	248	166
POCONO ABORTED 1970		TWIN		ABORTED	1970	AFTER EXPENDITURE OF MILLIONS OF DOLLARS							1967			
% PIPER OF UNITS $200,00 & UNDER		36%	40%	35%	33%	33%	36%	34%	35%	34%	35%	29%	33%	32%	33%	
TOTAL PIPER UNITS[1]		2271	2403	2166	2385	2595	2476	2223	2177	2933	3,818	4,284	4,302	4,474	4,077	2,142
TOTAL INDUSTRY (UNITS $200,000 & UNDER)[1]		6315	6012	6200	7298	7745	6915	6626	6261	8664	10,952	14,667	13,000	Calendar 1970 14,000	12,500	1,675
TOTAL INDUSTRY STATISTICS		Big 3 - % of Indus.			91%	92%	92%	92%	92%	90%	91%	89%	88%	88%	89%	87%
BIG THREE[2]					7011	6995	6202	6163	6805	8480	10,597	13,881	11,983	12,153	10,899	
INDUSTRY[2]					7689	7588	6776	6697	7569	9336	11,852	15,768	13,577	13,698	12,457	
														Calendar 1970 Big 3 -		6,198
														Calendar 1970 Indus.-		7,283
3. BIG 3 - % OF INDUSTRY					91%	92%	92%	92%	90%	91%	89%	88%	88%	89%	87%	

CHEROKEE TWIN - DID NOT WORK OUT

1 = PIPER ANNUAL REPORTS; 2 = GENERAL AVIATION MANUFACTURERS ASSN.; * = Included in Aztec for those years;
= APACHE - PA-23-160 and Aztec - PA-23-250

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PIPER AIRCRAFT MODELS VS. COMPETITION BY MODEL PRICES — TABLE P-2

BIG THREE MODELS - ARRANGED COMPETITIVELY BY PRICE AND TYPE

1501

PIPER			BEECH			CESSNA		
-28 140C CHEROKEE	(2)	$ 10,440				150 STANDARD	(2)	$ 8,8
(140B	(2)	9,600)				150 TRAINER	(2)	10,2
-8 150 SUPER CUB	(2)	11,500				150 AEROBAT	(2)	10,4
(STANDARD		10,550)				150 COMMUTER	(2)	11,4
(DeLUXE		11,350)						
-28 180C CHEROKEE	(4)	14,980				172	(4)	13,1
(180D CHEROKEE	(4)	14,360)	MUSKETEER SPORT	(6)	$ 15,450	SKYHAWK	(4)	14,6
						177 CARDINAL	(4)	16,3
-28 180 ARROW(17,500)*	(4)	18,980	MUSKETEER CUSTOM	(4-6)	18,150		(4)	17,5
-28 B-235D CHEROKEE	(4)	19,500	MUSKETEER SPORT	(4)	19,850	SKYWAGON 180	(4-6)	19,7
(C - 17,990)*								
-28 200 ARROW(18,500)*	(4)	19,980				182	(4)	19,7
						SKYLANE	(4)	20,8
-32 260 CHEROKEE 6C	(6-7)	23,650	MUSKETEER SUPER-R	(6)	24,950	SKYWAGON 185	(1-6)	23,3
						SKYWAGON 206	(1-6)	25,9
-32 300 CHEROKEE 6C	(6-7)	26,890				SUPER SKYLANE	(6)	27,4
-24 B-260 COMANCHE	(4-6)	29,990						

ove Equals 48% all PIPER SALES - 1970

TWINS			TWINS					
nes Below = 52% All PIPER SALES-1970						TURBO SUPER SKYLANE	(6)	31,9
						SKYWAGON 207	(7)	32,9
			BONANZA F-32	(4-5)	34,150	CENTURION	(6)	34,7
			BONANZA F-33C	(4-5)	38,150			
			BONANZA V-35B	(4-6)	39,250	TURBO CENTURION	(6)	39,2
0 B-160 TWIN COMANCHE	(4-6)		BONANZA F-33C	(4-5)	40,650			
(C - 39,900)*		X 42,990	BONANZA A-36	(4-6)	42,950			
-30 B-160 TURBO TWIN	(4-6)		BONANZA V-35B-TC	(4-6)	45,250	SUPER SKYMASTER	(6)	43,9
COMANCHE (59,990)*		X 53,240				TURBO SUPER SKYMASTER	(6)	55,9
-23 250 AZTEC D	(6)	X 65,990	BARON B-55	(4-6)	67,950	310P		67,9
-23 250 TURBO AZTEC	(6)	X 75,560	BARON E-55	(4-6)	83,950	TURBO SYSTEM 310Q	(6)	86,9
-31 NAVAJO 300	(6-8)	X105,500	TURBO BONANZA	(4-6)	101,750	401B	(6-8)	109,9
-31 TURBO NAVAJO	(6-8)	X116,350				402B	(10)	110,8
		$200,000	QUEEN AIR A-65	(11)	159,500	414	(7)	137,9
			DUKE	(4-6)	171,500			
-35 POCONO - Project Dropped		X	QUEEN AIR-70	(11)	171,500			
After $2,000,000 Plant &			QUEEN AIR B-80	(11)	192,500	421 GOLDEN EAGLE	(8)	187,5
Other Millions Spent								
BO CHANGERS - Simply Charge						TURBO SUPER SKYLANE	(6)	31,9
Extra Oxygen						TURBO CENTURION	(6)	39,2
-30 B-160 TURBO TWIN						TURBO SUPER SKYMASTER	(6)	55,9
COMANCHE		53,240						
-23 250 TURBO AZTEC	(6)	75,560						
-31 TURBO NAVAJO	(6-8)	116,550	(1965 Report)			TURBO SYSTEM	(6)	86,9
BO PROP			NONE KING AIR B-90	(9)	465,000			
			NONE BEECHCRAFT 99A	(16)	480,000			
			NONE KING AIR 100		565,000			
BO JET			NONE		NONE	CITATION (1971)	(6)	645,0

= NUMBER PASSENGERS

= COMPANY FIGURES - 1968-1969 COST

RCE: AVIATION WEEK AND SPACE TECHNOLOGY, MARCH 9, 1970, p. 132

P-

TABLE P-2A

BIG THREE IN GENERAL AVIATION - 1969

APPROXIMATE PERCENTAGE OF UNITS SOLD, MAJOR PRICE CLASSES BY COMPANIES

	UNITS UNDER $30,000	UNITS $30,000-$60,000	UNITS $30,000-$120,000	UNITS $130,000-$200,000	UNITS $400,000-$600,000	UNITS OVER $600,000
PIPER	40%	19%	32%	NONE	NONE	NONE
CESSNA	58	59	44	49%	NONE	CITATION (1971)
BEECH	2	22	24	51	100%	NONE
	100%	100%	100%	100%	100%	

TABLE P-2B

BIG THREE - GENERAL AVIATION
CLASSIFICATION BY NUMBER OF ENGINE
Aviation Week & Space Technology - March 9, 1970

CESSNA			BEECH			PIPER		
SINGLE ENGINE	NO. ENG.	PRICE	SINGLE ENGINE	NO. ENG.	PRICE	SINGLE ENGLINE	NO. ENG.	PRICE
150 STANDARD	1	8,835						
150 TRAINER	1	10,225						
150 ACROBAT	1	10,495						
150 COMANCHE	1	11,450				PA-28-140C CHEROKEE	1	10,400
172	1	13,125				PA-18-150 SUPER CUB	1	11,500
SKYHAWK	1	14,695	MUSKETEER SPORT	1	15,450	PA-28-180E CHEROKEE	1	14,980
177	1	16,300						
CARDINAL	1	17,500	MUSKETEER CUSTOM	1	18,150	PA-28-180 ARROW	1	18,980
SKYWAGON	1	19,725	MUSKETEER SUPER	1	19,850	PA-28B-235D CHEROKEE	1	19,500
182	1	19,795				PA-28-200 ARROW	1	19,980
SKYLANE	1	20,895						
SKYWAGON 185	1	23,350				PA-32-260 CHER. SIX	1	23,650
SKYWAGON 206	1	25,995	MUSKETEER SUPER R	1	24,950			
SUPER SKYLANE	1	27,450				PA-32-300 CHER. SIX	1	26,890
						PA-24B-260 COMANCHE C	1	29,990
SKYWAGON 207	1	32,975						
TURBO SUPER SKYLANE	1	31,950						
C URION	1	34,725	BONANZA F-33	1	34,150			
			BONANZA F-33A	1	38,150			
TURBO CENTURION	1	39,250	BONANZA V-35B	1	39,250			
			BONANZA F-33C	1	40,650			
			BONANZA A-36	1	42,950			
			BONANZA V-35B-TC	1	45,250			
TWIN ENGINE			TWIN ENGINE			TWIN ENGINE		
SUPER SKYMASTER	2	48,995						
TURBO SUPER SKYMASTER	2	56,995				PA-30-B160 TWIN COM.	2	42,900
310P	2	67,950	BARON B55	2	67,950	PA-30B TURBO TWIN COM.	2	53,240
TURBO SYSTEM 310 Q	2	86,950	BARON E55	2	83,950	PA-23-250 AZTEC D	2	65,900
			BARON 58	2	----	PA-23-250 TUR. AZTEC D	2	75,540
401B	2	109,950	TURBO BARON	2	101,750			
402B	2	110,840				PA-31 NAVAJO 300	2	106,500
414	2	137,950	QUEEN AIR A65	2	159,500	PA-31 TURBO NAVAJO	2	116,550
			DUKE	2	171,500	PA-35 POCONO	2	ABORTED
			QUEEN AIR 70	2	171,500			
421 GOLDEN EAGLE	2	187,500	QUEEN AIR B80	2	192,500			
CITATION	2	645,000						

Table P-2.0-1 1504

Big Three In General Aviation - Model - Specifications Prices

Manufacturer and Address	Designation	No. of seats	Overall span	Overall length	Max. height, ft-in.	Gross wing area, sq. ft.	Weight empty, lb.	Normal gross wt., lb.	Number, make, model	Normal fuel capacity, gal.	Max. speed, mph	Landing speed, mph	FAA field length (takeoff), ft.†	FAA field length (landing), ft.†	Max. range, std. mi.	Price, FAF, $
General Aviation Divs., North American Rockwell Bethany, Okla.	Lark Commander	4	35.0'	27.6'	10.5'	180	1,532	2,475	1 Lyc. O-360-A2F	44	139	66	1,050	810	560	15,400
	Strike Commander Executive	6	49.1'	36.5'	14.5'	255	4,745	6,750	2 Lyc. IO-540-E1B5	156	215	78	1,915	2,235	1,075	129,575
	Strato Commander	7	49.1'	36.5'	14.5'	255	4,615	6,750	2 Lyc. IO-540-E1B5	156	218	78	1,915	2,235	1,076	109,250
American Aviation Corp. Cleveland, Ohio	Yankee	2	24.8'	19.2'	6.8'	93	980	1,800	1 Lyc. O-235-C2C	24	141	61	1,440	1,185	512	7,295
Beech Aircraft Corp. Wichita, Kan.	Musketeer Super	4-6	32.8'	25.0'	8.2'	146	1,410	2,550	1 Lyc. IO-360-A2B	80	155	79	1,280	1,200	823	19,850
	Musketeer Sport	2-4	32.8'	23.0'	8.2'	146	1,250	2,250	1 Lyc. O-320-E2C	80	140	72	1,820	1,220	683	15,650
	Musketeer Super R	6	32.8'	25.1'	8.2'	146	1,625	2,750	1 Lyc. IO-360-A2B	80	170	79	.....	.....	998	21,950
	Musketeer Custom	4-6	32.8'	25.0'	8.2'	146	1,365	2,450	1 Lyc. O-360-A2G	80	151	77	1,365	1,200	868	18,150
	Bonanza F33	4-5	33.5'	25.5'	8.2'	177.6	1,842	3,050	1 Con. IO-470-K	80	195	78	1,295	1,295	1,170	39,150
	Bonanza F33C	4-5	32.9'	25.5'	8.2'	177.6	1,938	3,400	1 Con. IO-520-B	80	210	79	1,225	1,150	1,038	49,550
	Bonanza F33A	4-5	32.9'	25.5'	8.2'	177.6	1,933	3,400	1 Con. IO-520-B	80	205	79	1,225	1,150	1,038	46,150
	Bonanza V35B	4-6	33.5'	26.4'	6.5'	181	1,934	3,400	1 Con. IO-520-B	80	210	82	1,320	1,177	1,111	39,250
	Bonanza A36	4-6	32.9'	26.4'	8.4'	177.6	1,980	3,600	1 Con. IO-520-B	80	201	83	1,525	1,210	969	42,550
	*Duke	4-6	33.5'	26.4'	6.5'	181	2,021	3,490	1 Con. TSIO-520-D	80	250	82	1,320	1,177	1,028	45,250
	Baron B55	4-6	39.2'	33.9'	12.3'	212.9	4,100	6,725	2 Lyc. TIO-541-E1A1	201	288	113	1,660	2,345	1,175	171,500
	Turbo Baron	4-6	37.8'	27.2'	9.6'	199.2	3,075	5,100	2 Con. IO-470-L	142	236	101	1,255	1,370	1,222	67,650
	Baron E55	4-6	37.8'	29.0'	9.2'	199.2	3,650	5,500	2 Lyc. TIO-540-E1B1	204	290	102	1,429	2,050	1,299	101,750
	Baron 58	6	37.8'	29.8'	9.3'	199.2	3,216	5,400	2 Con. IO-520-C	142	242	100	965	1,411	1,113	83,950
	Queen Air A65	11	45.9'	35.5'	14.2'	277	4,990	7,700	2 Lyc. IGSO-480-A1E6	284	239	101	1,860	1,750	1,600	150,500
	Queen Air B80	11	50.2'	35.5'	14.2'	293.9	5,040	8,690	2 Lyc. IGSO-540-A1D	264	218	106	1,800	2,311	1,540	151,500
	Queen Air 70	11	50.2'	35.5'	14.2'	293.9	4,935	8,200	2 Lyc. IGSO-480-A1E6	264	239	103	1,675	2,107	1,600	171,500
Bellanca Aircraft Corp. Alexandria, Minn.	Viking 300	6	34.1'	27.9'	8.3'	181.5	1,935	3,200	1 Con. IO-520-A	72	190	60	750	1,070	530	27,200
	Turbo-Viking	6	34.1'	27.9'	8.3'	181.5	1,935	3,200	1 Lyc. IO-540-K	73	235	60	750	1,070	1,300	35,160
Cessna Aircraft Co. Wichita, Kan.	150 Standard	2	33.1'	23.8'	8.8'	159.5	978	1,600	1 Con. O-200-A	26	122	48	1,295	1,075	555	8,835
	150 Trainer	2	33.1'	23.8'	8.8'	159.5	1,005	1,600	1 Con. O-200-A	26	122	48	1,295	1,075	555	10,225
	150 Aerobat	2	33.1'	23.8'	8.8'	159.5	1,020	1,600	1 Con. O-200-A	26	122	48	1,365	1,075	555	10,495
	150 Commuter	2	33.7'	23.8'	8.8'	157	1,060	1,600	1 Con. O-200-A	26	122	43	1,748	1,075	565	11,453
	172	4	35.8'	26.9'	8.9'	174	1,245	2,300	1 Lyc. O-320-E2D	42	139	49	1,823	1,250	640	13,125
	177	4	35.8'	26.9'	9.1'	174	1,415	2,500	1 Lyc. O-320-A2F	50	150	53	1,420	1,220	758	16,500
	Cardinal	4	35.8'	26.9'	9.1'	174	1,475	2,500	1 Lyc. O-360-A2F	50	153	53	1,409	1,220	750	17,950
	Skyhawk	4	35.8'	26.9'	8.9'	174	1,313	2,300	1 Lyc. O-320-E2D	42	140	49	1,825	1,250	655	14,895
	Skywagon 180	4-6	35.8'	25.5'	7.8'	174	1,515	2,800	1 Con. O-470-R	65	170	58	1,205	1,865	1,215	19,725
	182	4	35.9'	29.1'	8.9'	174	1,520	2,950	1 Con. O-470-R	65	161	55	1,327	.....	.....	17,715
	Skylane	4	35.9'	29.1'	8.9'	174	1,535	2,950	1 Con. O-470-R	65	170	55	1,250	1,350	1,160	20,635
	Super Skylane	6	35.9'	29.2'	9.8'	175	1,835	3,600	Con. IO-520-A	88	174	61	1,810	1,395	1,020	27,420
	Skywagon 185	1-6	35.9'	25.7'	7.9'	174	1,575	3,350	Con. IO-520-D	65	178	59	1,365	1,400	1,075	23,385
	Turbo Super Skylane	6	35.9'	29.2'	9.8'	176	1,935	3,600	Con. TSIO-520-C	88	200	61	1,810	1,395	1,030	31,950
	Skywagon 206	1-6	35.9'	27.8'	9.5'	175.5	1,710	3,600	Con. IO-520-F	65	174	64	1,780	1,355	810	25,525
	Centurion	6	36.8'	29.2'	9.8'	176	1,925	3,800	Con. IO-520-A	90	200	63	1,365	1,355	1,220	34,725
	Skywagon 207	7	36.6'	31.7'	9.5'	175.5	1,900	3,800	Con. IO-520-F	65	169	67	1,970	1,550	925	32,575
	Turbo Centurion	6	36.8'	29.2'	9.5'	176	2,040	3,800	Con. TSIO-520-C	90	234	63	1,365	1,355	1,330	39,210
	310P	6	36.9'	29.2'	10.2'	179	2,150	5,200	2 Con. IO-470-V	102	237	75	1,735	1,697	1,720	67,950
	Turbo-System 310Q	6	36.9'	29.2'	10.2'	179	2,202	5,500	2 Con. TSIO-520-B	102	275	...	1,652	1,796	1,525	85,500
	Super Skymaster	6	38.0'	29.7'	9.3'	201	2,655	4,400	2 Con. IO-360-C, D	93	199	69	1,845	1,670	1,315	42,895
	Turbo Super Skymaster	6	38.0'	29.7'	9.3'	201	2,815	4,630	2 Con. TIO-360-A/B	93	231	70	1,805	1,650	1,550	58,995
	401B	6-8	39.9'	38.8'	11.7'	195.7	3,880	6,300	2 Con. TSIO-520-E	102	271	79	2,220	1,765	1,457	109,950
	402B	10	39.9'	35.8'	11.7'	195.7	3,710	6,300	2 Con. TSIO-520-E	102	261	79	2,220	1,765	1,454	110,815
	*414	7	39.9'	33.8'	11.9'	196.7	4,039	6,350	2 Con. TSIO-520-J	103	272	....	2,350	1,845	735	137,950
	*421 Golden Eagle	8	41.9'	36.1'	11.6'	200	4,252	7,250	2 Con. GTSIO-520-D	176	250	....	.....	.....	.....	187,500
Champion Aircraft, Inc. Osceola, Wis.	7ECA Citabria	2	33.4'	23.6'	6.7'	165	950	1,650	1 Lyc. O-235-C2	36	.....	.....	.....	.....	.....	6,915
	7GCA-A Citabria	2	33.4'	23.6'	6.7'	165	1,050	1,650	1 Lyc. O-320-A2B	40	.....	.....	.....	.....	.....	8,300
	7GCBC Citabria	2	34.4'	22.1'	6.9'	170	1,050	1,650	1 Lyc. O-320-A2B	40	.....	.....	.....	.....	.....	8,500
	7KCA-B Citabria	2	33.8'	22.8'	6.7'	165	1,075	1,650	1 Lyc. IO-320-A2B	40	130	.....	.....	.....	.....	8,950
Lake Aircraft Terrell, Tex.	LA-4 Amphibian	4	38.0'	24.9'	9.3'	170	1,555	2,400	1 Lyc. O-360-A1A	40	146	50	1,325	680	800	29,650
	LA-4 Seaplane	4	38.0'	24.9'	9.3'	170	1,341	2,400	1 Lyc. O-360-A1A	40	148	45	.....	.....	590	21,500
	LA-4 Buccaneer	4	38.0'	24.9'	9.3'	170	1,490	2,600	1 Lyc. IO-360-A1B	55	144	49	.....	.....	720	32,950
Maule Aircraft Corp. Moultrie, Ga.	M-4-210C Rocket	4	29.7'	22'	6.0'	182.5	1,190	2,300	1 Con. IO-360-A	42	165†	40	850	650	650	16,225
	M-4-180C Astro-Rocket	4	29.7'	22'	6.8'	152.5	1,250	2,300	1 Fr. 6A335-B1A	42	160	40	700	600	650	12,595
	M-4-220C Strata-Rocket	4	29.7'	22'	6.0'	152.5	1,280	2,300	1 Fr. 6A350-C1	42	180	40	600	600	650	15,755
Mooney Aircraft, Inc. Kerrville, Tex.	Cadet (M10)	2	30.0'	20.7'	7.7'	142	950	1,450	1 Con. C90-16F	24	115	46	953	1,016	822	8,995
	Ranger (M20C)	4	35.0'	23.2'	8.3'	167	1,525	2,575	1 Lyc. O-360-A1D	52	176	57	1,395	1,554	1,001	15,595
	Statesman (M20G)	4	35.0'	24.2'	8.3'	167	1,560	2,525	1 Lyc. O-360-A1D	52	174	61	1,319	1,554	930	20,595
	Executive 21 (M20F)	4	35.0'	24.3'	8.3'	167	1,610	2,740	1 Lyc. IO-360-A1A	84	185	63	1,345	1,735	1,147	23,595
	Chaparral (M20E)	4	35.0'	23.2'	8.3'	167	1,600	2,575	1 Lyc. IO-360-A1A	52	190	57	1,360	1,850	965	21,595
	*Mark 22 (M22)	5	35.0'	27.0'	9.8'	167	2,410	3,850	1 Lyc. TIO-541-A1A	52	236	67	2,673	1,519	1,193	45,350
	Aerostar 600	6	31.2'	33.8'	12.4'	170	3,525	5,500	2 Lyc. IO-540	176	252	....	1,025	1,100	1,632	52,950
	Aerostar 601	6	31.2'	35.8'	12.4'	170	3,725	5,700	2 Lyc. TIO-540	170	312	....	1,520	1,960	1,620	117,500
	*Aerostar 620P	6	34.2'	35.8'	12.4'	170	.....	6,000	2 Lyc. TIO-540	177	308	....	1,100	1,250	1,610	.....
Piper Aircraft Corp. Lock Haven, Pa.	PA-18-150 Super Cub	2	35.4'	21.0'	6.8'	178.5	930	1,750	1 Lyc. O-320	36	130	43	800	725	450	11,500
	PA-28-140C Cherokee	4	30.0'	23.3'	7.3'	160	1,201	2,150	1 Lyc. O-320-E2A	36	142	54	1,709	1,075	750	16,400
	PA-28-150E Cherokee	4	30.0'	23.3'	7.3'	160	1,200	2,400	1 Lyc. O-360-A3A	50	152	57	1,630	1,150	800	17,600
	PA-28-150D Cherokee	4	32.0'	23.6'	7.1'	170	1,410	2,600	1 Lyc. O-540-B4B5	84	166	60	1,350	1,300	1,120	19,500
	PA-28-180 Arrow	4	30.0'	21.2'	8'	160	1,420	2,550	1 Lyc. IO-360-B1E	50	170	62	1,963	1,350	950	18,750
	PA-32-260 Cherokee Six C	6-7	32.9'	27.7'	7.9'	175.5	1,650	3,400	1 Lyc. IO-360-C1C	50	175	63	.....	.....	940	19,900
	PA-32-260 Cherokee Six C	6-7	32.9'	27.7'	7.9'	175.5	1,650	3,400	1 Lyc. O-540-E4B5	81	168	63	1,210	1,600	1,160	24,500
	PA-28R-200 Cherokee C	4-6	36.0'	24.0'	7.5'	174	1,723	3,220	1 Lyc. IO-540-K	81	171	63	1,119	1,600	1,120	21,500
	PA-30B-160 Twin Com. C	4-6	36.0'	25.2'	8.3'	178	2,207	3,600	1 Lyc. O-540-E or IO-540-D	90	195	67	1,538	1,435	1,240	29,500
	PA-30B-160 Turbo Twin Comanche C	4-6	36.0'	25.2'	8.3'	178	2,363	3,725	2 Lyc. IO-320-B	90	205	69	1,530	1,675	1,116	42,950
	PA-23-250 Aztec D	6	37.1'	30.2'	10.3'	207.6	2,933	5,200	2 Lyc. IO-540-C1A	129	210	69	1,530	1,675	1,405	53,240
	PA-23-250 Turbo Aztec D	6	37.1'	30.2'	10.3'	207.6	3,055	5,200	2 Lyc. TIO-540-J1A5	144	216	68	1,250	1,650	1,205	63,900
	PA-31 Navajo 300	6-8	40.7'	32.6'	13.0'	229	3,603	6,200	2 Lyc. IO-540-M	144	256	68	1,250	1,650	1,299	75,500
	PA-31 Turbo Navajo	6-8	40.7'	32.6'	13.0'	229	3,750	6,500	2 Lyc. TIO-540-A1A	190	221	70	2,350	2,150	.....	164,500
	PA-35 Pocono	20	51.0'	39.3'	15.8'	315	4,960	9,300	2 Lyc. TIO-720	190	260	71	2,270	2,150	1,620	116,500
										200	242	74	.....	.....	810	.....

Notes: See also tables for agricultural aircraft, STOL aircraft and turbine-powered business aircraft. ‡ Cruise speed. Price is FAF factory. † Landing speeds computed: Beech—1.3 V. * Denotes pressurized aircraft. † Landing and takeoff distances computed to and from a full stop over a 50-ft. barrier.

P-11-A

AIRCRAFT MODELS BY ENGINE TYPE

TABLE P-3 - PIPER AND COMPETITIVE MODELS

CESSNA (ANNUAL REPORT 1969)	BEECH (ANNUAL REPORT 1969)	PIPER (ANNUAL REPORT 1969)
JETS (1) CESSNA CITATION - FAN JET - Business Sept. 1969 - 1st FLIGHT ON SCHEDULE $600,000-700,000 FIRST DELIVERIES ACCELERATED TO LATE 1970 OPEN HUNDREDS AIRPORTS TO JETS (2) Military Mats Twin Jets, A-37 - T-37 A-37 - ORDERS 360; T-370 ORDERS 498	JETS - BEECH/HAWKER/SIDDELEY (BRITAIN) 14-HS-125 BUSINESS JETS ON ORDER FOR 1970 SALES AGREEMENT WITH BEECH BEECH IN U.S. - MARKETING & SERVICE SUPPLIES EXPERT DELIVERIES TO U.S. 3 BY MARCH 4 - LATER in 1970 RESEARCH INTO SMALLER JET CORP. & COMMUTER AIRCRAFT ACCELERATED TO ASSURE THAT YOUR COMPANY'S ENTRY INTO THIS AIRCRAFT MARKET WILL BE BEST IN INDUSTRY IN LINE WITH BEECH STANDARDS OF PERFORMANCE & QUALITY	NONE - EVEN CONTEMPLATED (Bd. of DIRECTORS, AUG. 6, 1968 - EXEC. V.P. - "IT IS DESIRABLE TO USE PISTON ENGINE TO KEEP COST BELOW THAT OF COMPETITIVE AIRCRAFT." AS LATE AS 1970 NO TYPES OF JETS OR TURBO PROPS
TURBO JET (1) CESSNA AND TURBO CENTURION EARLIER MODELS - NOW NEW 6 PLACE - PRESSURIZED	TURBO JET 1969 - KING AIR MODELS - 36% OF TURBO PROP IN 1969 1969 - MAY 26 - KING AIR - 100 PRESSURIZED 8-15 PASSENGERS 99 - 99A - 17 PASSENGER AIRLINES - TWIN ENGINE - 1969, OVER 125 IN SERVICE BEACHCRAFT TURBO BARON	NONE (Bd. of Directors - STILL TO BE PRODUCED - POCONO - "IT IS DESIRABLE TO USE PISTON ENGINE TO KEEP COST BELOW THAT OF COMETITIVE AIRCRAFT." AS LATE AS 1970 NO TYPE TURBO PROPS OR JETS
TWIN ENGINE - 1969 - SUBSTANTIAL INCREASED SALES - TOP OF LINE - OTHER THAN ABOVE 1966-69 - DOUBLED MULTI ENGINE LINES EX. - 400 & 414 MODELS LATER PRESSURIZED 1970 - GOLDEN EAGLE 421 - LARGE PRESSURIZED 1969 - MORE THAN HALF CESSNA COMMERCIAL AIRCRAFT MULTI-ENGINE	TWIN ENGINE - OTHER THAN ABOVE - TURBO JETS (1) QUEEN AIR - TRANSPORT - CORP. USES (2) DUKE - 6 PASSENGER - PRESSURIZED (3) LIGHT TWIN - BARON 58 (1969)	TWIN ENGINE (1) Aztec - Twin PA-23 - 1960 (2) TWIN COMANCHE - Tested 1962 - Sale: 1963 - 106 UNITS ACCIDENTS - STALL YAW PEAK - 1964 - 460 UNITS 1968 - 166 UNITS 1969 - 232 UNITS (3) NAVAJO - 1st - 1967-1969; 1968 -20 1969 - 248 (4) POCONO - PA-35 - DELAYS - NEVER PRODUCED - ABORTED AUG. 1968 - BOARD OF DIRECTORS "IT IS DESIRABLE TO USE PISTON ENGINE TO KEEP COST BELOW THAT OF COMPETITIVE AIRCRAFT."
MILITARY - ALL MILITARY BUSINESS - 1969 - 74,000,000 ORDERS - A-37 TWIN JET - 366 UNITS - 83,000,000 T-37 - TWIN JET O-2 TWIN ENGINE 498 - $34,000,000	MILITARY - EXAMPLES (1) U-21A - TWIN TURBINE (2) U-8F - MILITARY QUEEN AIR (3) U-8D - MILITARY - BONANZA TWIN	MILITARY

OTHER COMPETITION FOR BUSINESS JETS - LOCKHEED, NORTH AMERICAN

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TABLE P-4 (SEE ALSO TABLE P-1A)

PIPER AIRCRAFT - 1969 - UNITS SHIPPED AND ESTIMATED DOLLAR BILLINGS BY MODEL TYPES

TABLE P-4

	(1) 1970 GEN. AVIA. MFG. ASSN.	(2) 1968-1969 PIPER CO. PRICE LIST (D.H.B. Est.)	(3) CAL. 1969 UNIT SALES GEN. AVIA. MFG. ASSN.	(4) FISCAL 1969 UNIT SALES 1969 ANNUAL REPORT	(5) DHB CALCULATION COLUMNS 2 X 4 APPROXIMATE $ SALES UNITS X PRICE		(6) D.H.B. CAL. COLUMN 5 APPROXIMATE GRAND TOTALS (COL. 2 X 4)	(7) %
1) UP TO $30,000 ONLY - 52% PART I								
SUPER CUB 150	11,500	10,550	90	Units	$	$	$	
SUPER CUB 250B (C) DELUXE		11,350	5					
TOTAL CUBS			95	109 x 11,000			1,199,000	1.15%
CHEROKEE 140B (C)	10,440	9,600	1,206	1,300 x 9,600	12,480,000	11.9%		
CHEROKEE 180D		14,380	275	293 x 14,380	4,213,340	5.0%		
CHEROKEE 180E	14,980	14,380	110	118 x 14,380	1,696,840	1.6%		
TOTAL CHEROKEE 140 & 180			1,591	1,711			18,390,180	18.94%
CHEROKEE 235C	19,500	17,990	110	110 x 17,990	1,978,900		1,978,900	1.90 %
CHEROKEE 180 ARROW		17,500	115	103 x 17,500	1,802,500			
CHEROKEE 200 ARROW		18,500	458	414 x 18,500	7,659,000			
TOTAL CHEROKEE 235C & ARROW	18,980		573	517	Unit Totals		9,461,500	9.06 %
TOTAL ALL CHEROKEE EXCEPT CHEROKEE SIX	19,980	SUB-TOTAL	(2,369)	(2,447)=	60% = UNITS,			(31.05%)
PAYNEE	E 19,170	17,800	206*					
PAYNEE (260)	E 19,700	18,300	110*					
TOTAL PAYNEE			316*	348 x 18,000	6,264,000		6,264,000	6.00 %
							Subtotal	37.05%
CHEROKEE SIX - 260	23,650	E 22,460	102	E 102 x 22,460	2,290,920			
CHEROKEE SIX - 300		E 25,550	239	E 241 x 25,550	6,157,550			
TOTAL CHEROKEE SIX			341	343			8,448,470	8.09 %
COMANCHE - 260	29,990	E 28,500	107	101 x 28,500	2,878,500		2,878,500	2.76 %
			(3,133)	(3,239) Units	19%		Sub-total	10.85%
							Total	47.9% 58.7%
2) $39,000 AND OVER - 52% PART II								
TWIN COMANCHE - 160	42,990	E 39,900	230	232 x 39,900	9,256,800		9,256,800	8.86%
AZTEC	65,990	59,990	327	358 x 59,990	21,476,420		21,476,420	20.56%
NAVAJO	106,500	E101,175	261	248 x101,175	25,091,400		25,091,400	24.02 %
		SUB-TOTAL	818	838	21% OF UNITS			52% [1] 53.4%
TOTAL APPROXIMATION D.H.B. CALCULATION - COLUMN 6			3,951	4,077	100% OF UNITS		104,445,170	[1] 100.00%

	1969			
TOT. CALCULA. '69 - GEN. AV. MFG. ASSN.	98,224	(80% of UNIT SALES MODEL UNITS - $30,000 and 48% (47.9%) OF BILLINGS		
TOT. FISCAL '69 - PIPER ANNUAL REPORT		98,926,000		98,926,000
EXCESS D.H.B. OVER GEN. AV. MFG. ASSN. - EXCESS OVER ANNUAL REPORT		5,519,170 = 5.6%		5,519,170
		$[illegible]		$104,445,170 100.00%

*PAYNEE OUT OF PRODUCTION 1970 Source of Data: Piper Sales Literature, Piper Annual Reports and GAMA Reports

[1] NOT ADD UP EXACTLY DUE TO ROUNDING: PLANES PRICES $10,550-$28,500 (UNDER TWIN COMANCHE - $39,000 AND HIGHER = 47.88%

1506

P-1

TABLE 5

STANDARD & POOR'S STANDARD LISTED STOCK REPORTS MAY 20, 1969
PIPER EARNINGS & DIVIDENDS FROM ANNUAL REPORTS

YEAR ENDED 9/30	NET SALES	% OPER. INC. OF SALES	OPER. INC.	DEPREC. & AMORT.	NET BEFORE TAXES	NET INC.	PIPER EARN.	PIPER DIV.	DJIA EARN.	DJIA DIV.	PIPER PRICE RANGE	DJIA PRICE RANGE	P/E PIPER PRICE-EARN. RATIOS H	P/E PIPER PRICE-EARN. RATIOS L	P/E DJIA P/E RATIOS H	P/E DJIA P/E RATIOS L
1970																
1969Act	106.57			1.31	10.22	4.80	2.92	1.40	57.96	33.90		969-770			13.6	15.8
1969 E	106.39					3.94	E 2.40	1.40	E57.02	E32.29	74-51	969-802[1]	30	30	13.9	13.9[2]
1968	96.72	10.6	10.21	1.69	8.24	3.86	2.36	1.40	57.89	31.34	72-48	985-825	31	20	17.0	14.2
1967	80.44	9.5	7.65	1.56	5.82	2.99	1.83	1.40	53.87	29.84	57-40	943-786	31	22	17.5	14.6
1966	81.31	17.5	14.19	0.93	13.59	6.87	4.23	1.50	57.68	30.11	70-43	995-744	16	10	17.3	12.9
1965	69.09	18.7	12.92	0.80	12.39	6.20	3.82	1.35	53.87	28.17	59-34	969-841	15	9	18.1	15.7
1964	54.38	18.1	9.86	0.78	9.37	4.48	2.77	1.00	46.43	25.38	45-26	892-766	16	9	19.2	16.5
1963	38.09	16.4	6.26	0.77	5.65	2.62	1.63	0.67	41.21	23.20	28-18	767-647	17	11	18.6	15.7
1962	33.34	14.1	4.69	0.91	3.92	1.77	1.10	0.67	36.43	22.09	28-13	726-536	25	11	19.9	19.7
1961	31.41	6.1	1.92	0.64	1.67	0.85	0.53	0.73	31.91	21.28	40-27	735-610	75	50	23.0	19.1
1960	40.21	19.5	7.82	0.50	7.60	3.52	2.33	0.70	32.21	20.46	46-28	685-566	22	13	21.3	17.6
1959	34.26	19.0	6.52	0.42	6.16	2.78	1.90	0.67	34.31	19.38	34-13	679-574	18	7	19.8	16.7

INDEX
1966 = 100.0
or 1968 119
or 1969 132

100.0 100.0
57 93
57 99

E = AUGUST 1969 ACT. = ACTUAL
(1) MAY 20, 1969 = 944
(2) AUG. 12, 1969 = 813

Quarter:	SALES (MILLION $) 1968-9	1967-8	1966-7	1965-6	COMMON SHARE EARNINGS ($) 1968-9	1967-8	1966-7	1965-6
DEC.	21.44	24.15	18.20	13.69	0.60	0.82	0.65	0.63
MARCH.....	29.94	25.60	18.67	21.40	1.06	0.84	0.54	1.15
6 MOS. ...	51.38	49.75	36.87	35.09	1.66[1]	1.66	1.19	1.78
JUNE		24.54	21.65	24.54		0.52	0.49	1.44
SEPT.		22.43	21.92	21.68		0.18	0.15	1.01

(1) 1.66 - 0.47 Dep. = 1.59

1507

High	Low	Last		High	Low	Last	% Decline Piper	% Decline DJIA		
985	944	944	Dec. 1968	55 3/8	51 1/4	53 1/4[1]	100	100	100	100
948	921	946	Jan. 1969	64 1/4	50 7/8	60 1/8				
953	900	905	Feb. 1969	72	59 3/8	69				
935	904	935	March 1969	73 3/4	67 1/2	69 1/4				
950	918	950	April 1969	68 1/2	66	67 3/8				
969	937	938	May 1969	79	69	75				
933	870	873	June 1969	74 1/2	62 1/4	62 1/4				
886	802	815	July 1969	73 1/4	62	65 3/4				
837	813	837	Aug. 1966 - 11		(69)		+32%	-15%	-17%	-15%
	(770) =	22%								

(1) Between Dec. 30, 1968 and Jan. 23, 1969 Chris-Craft Purchased 200,500 Shares - 50 7/8 - 65 Max. '69 DJ = 22% Full Yr.

PIPER AIRCRAFT

Table P-5A

Ten Year Review (Source: Piper Annual Reports)

SOURCE AND DISPOSITION OF WORKING CAPITAL	1969		1968	1967	1966	1965	1964	1963	1962	1961	1960	1959
Source of working capital												
Income before income taxes	$ 10,218,317	3	$ 8,238,416	$ 5,821,048	$13,593,637	$12,387,878	$ 9,370,580	$ 5,653,052	$ 3,919,901	$ 1,669,929	$ 7,598,375	$ 6,156,871
Less income taxes	5,417,000	4	4,375,000	2,830,000	6,723,000	6,190,000	4,890,000	3,035,000	2,150,000	815,000	4,075,000	3,375,000
Net income (1971, Co. [illegible] $7.0.6 M)	4,801,317	5	3,863,416	2,991,048	6,870,637	6,197,878	4,480,580	2,618,052	1,769,901	854,929	3,523,375	2,781,871
Depreciation	1,310,395		1,687,146	1,562,299	934,833	804,315	777,167	772,258	911,012	642,588	501,501	417,749
Deferred income taxes	318,000		-	-	-	-	-	-	-	-	-	-
Long term notes issued	-		-	10,000,000	-	-	-	-	-	-	-	-
Common stock sold	-		-	-	-	-	-	-	-	-	5,967,823	-
Common stock options exercised	283,082		26,630	163,343	77,144	58,486	166,157	6,534	-	-	-	-
	6,712,794		5,577,192	14,716,690	7,882,614	7,060,679	5,423,904	3,396,844	2,680,913	1,497,517	9,992,699	3,199,220
Disposition of working capital												
Additions to property, plant and equipment -net	4,293,408		2,236,175	3,709,224	4,292,222	2,191,339	1,260,263	352,712	305,125	1,865,367	1,436,205	951,539
Cash dividends paid on common stock	2,299,271		2,294,915	2,287,197	2,438,659	2,189,196	1,614,029	1,072,468	1,072,393	1,179,632	1,039,720	927,721
Other--net	29,667		68,989	115,036	(728)	20,483	9,947	576	517	(2,588)	57,757	427
	6,622,346		4,600,079	6,111,457	6,730,153	4,401,018	2,884,239	1,425,756	1,378,035	3,042,411	2,533,682	1,879,187
Increase (decrease) in working capital	$ 90,448		$ 977,113	$ 8,605,233	$ 1,152,461	$ 2,659,661	$ 2,539,665	$ 1,971,088	$ 1,302,878	$(1,544,894)	$ 7,459,017	$ 1,320,033
WORKING CAPITAL AT END OF YEAR	$ 32,887,385		$32,796,937	$31,819,824	$23,214,591	$22,062,130	$19,402,469	$16,862,804	$14,891,716	$13,568,833	$15,133,732	$ 7,674,715
Ratio of current assets to current liabilities	2.9 to 1		4.6 to 1	4.7 to 1	2.4 to 1	3.7 to 1	3.3 to 1	4.4 to 1	4.7 to 1	6.2 to 1	4.0 to 1	2.5 to 1
SALES (1971, Co. [illegible] $7.0.6 M)	$106,569,202	1	$96,723,812	$80,439,241	$81,312,624	$69,086,308	$54,378,377	$38,090,364	$33,340,156	$31,409,966	$40,211,828	$34,242,898
Units sold	4,077	1A	4,474	4,302	4,284	3,818	2,933	2,177	2,223	2,476	2,595	2,388
WAGES AND SALARIES	$ 34,778,184	2	$29,445,145	$26,423,903	$23,552,660	$17,842,507	$15,345,889	$11,399,853	$11,046,274	$11,578,142	$11,989,593	$ 9,496,225
Number of employees at end of year	4,444		4,365	4,107	4,300	3,308	2,925	2,236	1,930	1,960	2,020	2,204
TOTAL STOCKHOLDERS' EQUITY	$ 37,855,194		$35,070,066	$33,474,935	$32,607,741	$28,098,619	$24,051,153	$21,018,445	$19,466,327	$18,768,819	$19,093,522	$10,700,909
Common shares outstanding at end of year	1,644,790		1,639,600	1,638,350	1,628,050	1,623,030	1,079,713	1,072,693	1,072,393	1,072,393	1,072,393	927,221
Number of stockholders	1,879		4,941	5,712	5,307	4,978	4,032	4,230	4,179	3,575	3,521	3,490
PER SHARE OF COMMON STOCK												
Net income (a)	$ 2.92	6	$ 2.36	$ 1.83	$ 4.23	$ 3.82	$ 2.77	$ 1.63	$ 1.10	$ .53	$ 2.33	$ 1.91
		7										
Dividends on common stock:												
In cash	$ 1.40	7A	$ 1.40	$ 1.40	$ 1.50	$ 1.35	$ 1.00	$ .67	$ .67	$ .73	$ .70	$ .42
In common stock	-		-	-	-	-	-	-	-	-	5%	—
Stockholders' Equity	$23.02	8	$21.39	$20.43	$20.03	$17.31	$14.85	$13.06	$12.10	$11.67	$11.87	$ 7.39

PIPER AIRCRAFT

P-6

Condensed Income Statement
1959-1969 and 10 Months 1969 & 1970 as Reported
Year 1970 D.H.B.'s Estimated Year 1971 Company Projections

Piper Aircraft	1971 Piper Co's.						Peak Sales	Peak Units		Peak Earnings Mid-1960's Peak Years							
Fiscal Year To 9/30	OWN 8/70	Alt. Rat. 1970	6 Mos. 1970	10 Mos. 1970	10 Mos. 1969	Act. 1970	1969	1968	1967	1966	1965	1964	1963	1962	1961	1960	1959
	5th					4th	3rd	2nd	1st	5th	4th	3rd	2nd	1st			
Sales	Projection For 1971 -			.5/6 of 12 or 83,533.	5/6 of 12												
Units							14,077	14,474	14,309	14,284	13,818	9,933	8,177	8,293	8,476	9,595	9,958
Dollars	(Co.) 70,582		39,119	58,001	90,126	68,372	106,569	96,724	80,439	81,313	69,086	54,378	38,090	33,340	31,410	40,217	34,263
Wages & Salaries							34,778	29,445	26,424	23,553	17,843	15,346	11,400	11,046	11,578	11,990	9,495
Other Expenses							61,573	58,941	48,194	46,166	38,855	29,661	24,072	18,374	18,162	20,624	18,611
Total Expenses	(Co.) 68,671			57,302	80,433	68,643	96,351	88,386	74,618	67,719	56,698	45,007	35,472	29,420	29,740	32,614	28,106
Inc. Before Inc. Tax	(Co.) 1,911			1,599	9,683	(1,574)	10,218	8,238	5,821	13,594	12,388	9,371	5,653	3,920	1,670	7,598	6,157
Income Taxes	(Co.) 975			755	5,127	798	5,417	4,375	2,830	6,723	6,190	4,890	3,033	2,130	815	4,075	3,375
Net Income	(Co.) 936	def.	1,365	844	4,556	(776)	4,801	3,863	2,991	6,871	6,198	4,480	2,618	1,770	855	3,523	2,782
Net Per Share	(Co.)(0.57)	def.	0.83	0.51	2.77	(0.47)	(2.92)	(2.36)	(1.83)	(4.23)	(3.82)	(2.77)	(1.63)	(1.10)	(0.53)	(2.33)	(1.91)
Dividends	--	--	--	--	1,724	--	2,299	2,295	2,287	2,439	2,189	1,614	1,072	1,072	1,180	1,040	927
Div. Per Share	--	--	--	--	1.05	--	(1.40)	(1.40)	(1.40)	(1.50)	(1.35)	(1.00)	(0.67)	(0.67)	(0.73)	(0.70)	(0.63)
Equity Per Share (DHB)	23.94	23.37	23.83	23.53			23.02	21.39	20.43	20.03	17.31	14.85	13.06	12.10	11.67	11.47	7.33
Net Inc.% Sales							4.5%	4.0%	3.7%	8.5%	9.0%	8.2%	6.9%	5.3%	2.7%	8.8%	8.1%
			1971		1970	1970	1969	1968	1967	1966	1965	1964	1963	1962	1961	1960	1959
Piper - Earn. Per Sh.			Co. 0.57		-	(0.47)	2.92	2.36	1.83	4.23	3.82	2.77	1.69	1.10	0.53	2.33	1.91
Cessna - Earn. Per Sh.					E	1.50	2.14	1.81	1.52	1.97	1.57	1.09	0.74	0.68	0.75	1.07	1.18
Beech - Earn. Per Sh.						def.	0.42	1.69	1.97	1.91	1.21	0.75	0.43	0.65	0.57	1.09	0.90
Piper - 10 Yrs. 1969 vs 1960 Ea. Per. Sh. = 1969 = 100						(0.20%)	125.3	101.3	78.5	181.5	163.9	118.9	0.70	0.47	0.22	100.0	
Cessna - 10 Yrs. 1969 vs 1960 Ea. Per. Sh. = 1960 = 100						(140%)	200.0	167.2	142.1	184.1	146.7	101.9	0.69	0.63	0.70	100.0	
Beech - 10 Yrs. 1969 vs 1960 Ea. Per Sh. = 1960 = 100						def.	0.39	155.0	180.7	175.2	111.0	0.69	0.39	0.60	0.52	100.0	
Piper - Dividends Per Share						(0%)	0.00	1.40	1.40	1.40	1.50	1.35	1.00	0.67	0.67	0.73	0.70	0.63
Cessna - Dividends Per Share						(286%)	0.80	0.71	0.67	0.67	0.64	0.55	0.48	0.48	0.48	0.48	0.35	0.28
Beech - Dividends Per Share						(+247%)	0.75	0.75	0.67	0.54	0.45	0.39	0.38	0.37	0.36	0.35	0.32	0.30
DJIA - Earn. Per Sh. Cash Only (Barrons P/E 9/14/70 = 14.3X at 782)						52-53					53.87							
DJIA - Dividends Per Sh.						E49.85	57.02	57.89	53.87	57.67		46.43	41.21	36.43	31.91	32.21	34.31
DJIA - 1969 vs 1960 Ea. Per Sh. = 1960 = 100						E21.56	32.29	31.34	29.84	30.12	28.17	24.38	23.20	22.09	21.29	20.46	19.38
						163.0	177.0	179.9	167.2	179.0	167.2	144.1	127.9	113.1	99.1	100.0	

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*Barron's - 9/14/70 - DJIA P/E 1st Qtr. 14.8x; 2nd Qtr 12.8X

150.9

TAL[illegible] P-10B

VALUATION CHRIS-CRAFT BLOCK, LOCKED IN MINORITY PIPER STOCK - AUG. 1969 - SEE BELOW - C.C. VALUE OF PIPER HOLDINGS - $5,231,213

ALTERNATIVE PROJECTIONS FOR PIPER CORP. - ALTERNATIVE GROWTH RATES (OUTSTAND. SHARES - 1,644,790)

ASSUMES SALES GROWTH - 7 1/2% YR.; ALTERNATIVE EARNINGS GROWTH - 7 1/2% - 11 1/4% (11.2%) AND 15% COMPOUNDED ANNUALLY

(1) ASSUMES KNOWLEDGE, AUG. 1969 - POCONO - TWIN COMANCHE, ETC. - RECESSION BEGINNING MID-1969 LYCOMING - ACCIDENTS

PART I

Est. 1969 Sales 10% Above 1969 and Units Down 10%[1]

	Sales	Units	Earn. Per Share
1969 Actual Total Sales	106,569,000	4,474	2.92 Actual
Actual Aircraft Sales	98,926,000		
(1) 1969 Est. Total Sales as of Aug. 1969	106,400,000	4,025[1]	E. 3.00 Est.
Est. Aircraft Sales as of Aug. 1969	98,800,000	(Act. 4,077)	BUT
(1) 1970 Decline - Recession - POCONO - TWIN COM.	70,225,000	2,650	E. 0.65 E 1970
Est. Sales & Units Decline 33% (Actual)	(68,372,000)	(2,142)	def. (0.47) ACTUAL

By Mid-1969 Piper's Competitive Position Deteriorating Substantially

PART II

	Est. Sales Growth 7½% Yr.	Estimated Earnings Per Share 1st Est. 7½%	2nd Est. 11.2%	3rd Est. 15%
Base - 1970 Est. as Above	70,225,000	0.65	0.65	0.65
1st Yr. 1971 Base yr. for Value	75,492,000	0.70 x 10 = $7.00	0.72 x 10 = $7.20	0.75 x 10 = $7.50
2nd Yr. 1972	81,155,000	0.75	0.80	0.86
3rd Yr. 1973	87,240,000	0.81	0.89	0.99
4th Yr. 1974	93,783,000	0.87	0.99	1.14
5th Yr. 1975	100,816,000	0.93	1.11	1.31
6th Yr. 1976 Recovery to '69 Sales of Es. 106,400,000 '69 Sales	108,378,000	1.00	1.23 x 10 = $12.30	1.50
Present Value of 1976 Value (6% Disc.)(7 yrs. From 1969) of (0.623)			$12.30 x0.623 $ 7.62	

NO FAIR MARKET FOR MINORITY BLOCK

August 11, 1969 DJIA P/E 13.8X

CHRIS-CRAFT BLOCK - LOCKED IN MINORITY

Value PIPER Stock 10 x 1971 Es. Ea.

August 11-12, 1969

As Calculated Below

10 x 0.75 = $7.50 x 697,495 = 5,231,213

10 x 0.75 = 10 x Est. Max. 1971 Earn. = $7.50

Factor For Growth Rate 7 1/2%	11.2%	15%	
1.00000	1.00000	1.00000	Base
1.07500	1.11200	1.15000	1st Yr.
1.15562	1.23654	1.32250	2nd Yr.
1.24229	1.37503	1.52087	3rd Yr.
1.33546	1.52904	1.74900	4th Yr.
1.43562	1.70029	2.01135	5th Yr.
1.54330	1.89072	2.31305	6th Yr.

Total Value Chris-Craft Block

10 x 0.75 = $7.50 x Es. 1971 Earn.

Shares 697,495 x $7.50 = $5,231,213

Also

Present Value of 1976 Value

$7.62

1510

DJIA Aug. Price Earnings Ratio = 13.8-13.9 - BARRON'S (Aug. 11, 1969) DJIA Had Declined 17% From Nov.-Dec. 1968 Peak

Year	E. 1970	1969	1968	1967	1966	1965	1964	1963	1962	1961	1960	1968	E.1969	Act. 1969	E1970	Act. 1970
Piper Earn.	E 0.65[2]	E 3.00[2]	2.36	1.83	4.23	3.82	2.77	1.63	1.10	0.53	2.33	2.36	3.00	2.92	E0.65	def.(0.47)
DJIA Earn.	51.69	57.02	57.89	53.87	57.67	53.87	46.43	41.21	36.43	31.91	32.21	57.89	57.02	57.02	51.69	51.69
Cessna Earn.	E 1.50 (3)	2.14	1.81	1.52	1.97	1.57	1.09	0.74	0.68	0.75	1.07	1.81	2.14	2.14	1.50	1.31
Piper Div.	None	1.40	1.40	1.40	1.50	1.35	1.00	0.67	0.67	0.73	0.70	1.40	1.40	1.40	None	None
DJIA Div.	31.53	33.90	31.34	29.84	30.12	28.17	25.38	23.20	22.09	21.28	20.46	31.34	33.90	33.90	31.53	31.53

Piper Management Not Prepared For 1970's - Research - Development, etc. vs. Competition - 1968 Treasurer's - Arthur Young Report

[1] Piper Actual Unit Sales 1st 10 Months of Fiscal 1969 were down 8% below 1968 -- Poor and Deteriorating Market Position

[2] Piper Actual 1969 = $2.92 and 1970 Deficit (0.47) (3) Cessna - Actual 1970 Earnings - $1.31

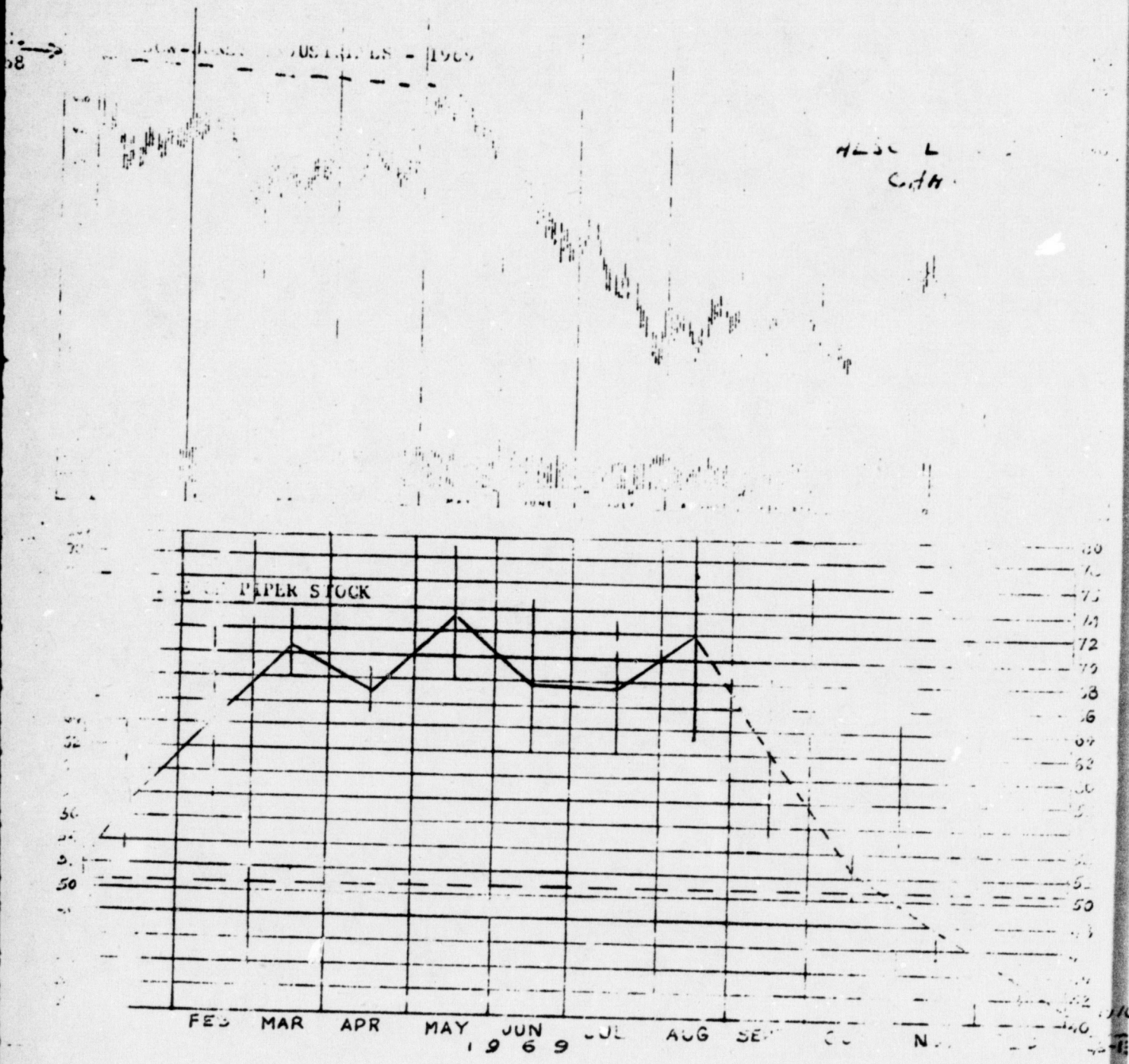
Shares Outstanding End Fiscal Year 1968 - 1,639,600; 1969 - 1,644,790

TABLE P-10-B (1)

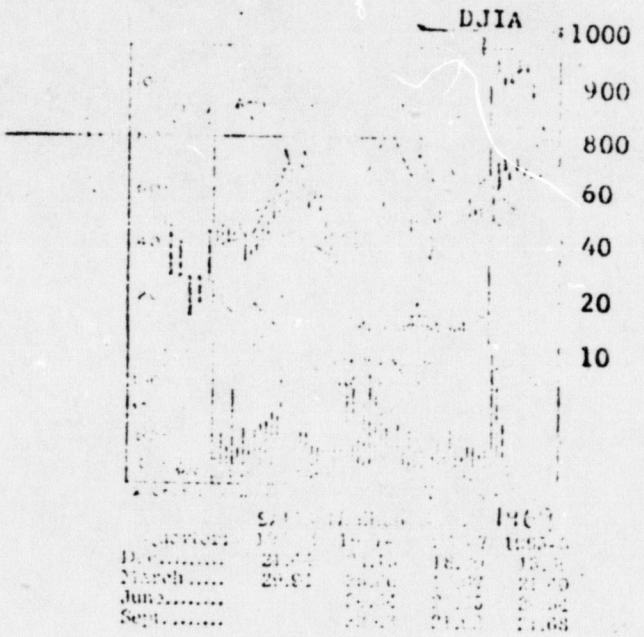
TOTAL COST TO CHRIS-CRAFT OF PIPER STOCK

LESS VALUE CHRIS-CRAFT'S HOLDINGS OF PIPER STOCK, AUG. 11-12, 1969

TOTAL COST - CASH		$ 38,295,238
SECURITIES		6,333,029
		$ 44,628,267
TOTAL COST TO CHRIS-CRAFT OF PIPER STOCK		44,628,267
TOTAL VALUE OF CHRIS-CRAFT HOLDINGS OF PIPER STOCK SEE TABLE P-10-B, AUG. 11-12, 1969 $7.50 x 697,495 shares =		5,231,213
NET DIFFERENCE COST OF PIPER STOCK-LESS AUG. 11-12 VALUE		39,397,054

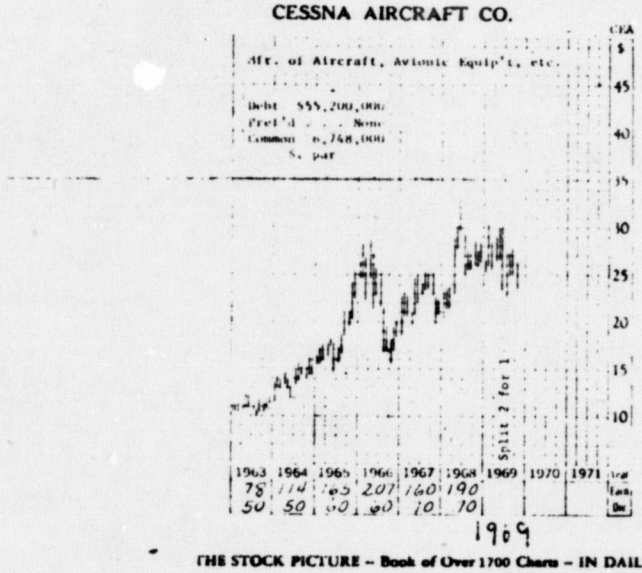

PAPER STOCK
FEB
MAR
APR
MAY
JUN
1969
AUG
N

1513



		PIPER High	PIPER Low	DJIA H	DJIA L
1968	D.C.	55 3/8	51 1/4	985	
1969	JAN.	64 1/4	56 7/8	948	921
	FEB.	71 3/4	59 5/8	953	900
	MAR.	73 3/4	67 1/2	935	904
	APR.	68 1/2	66 1/4	950	918
	MAY	77 5/8	69	969	937
	JUNE	74 1/4	62 1/4	933	870
	JULY	73	62	886	802
	AUG.	80 1/2	62	837	809

CESSNA AIRCRAFT CO.

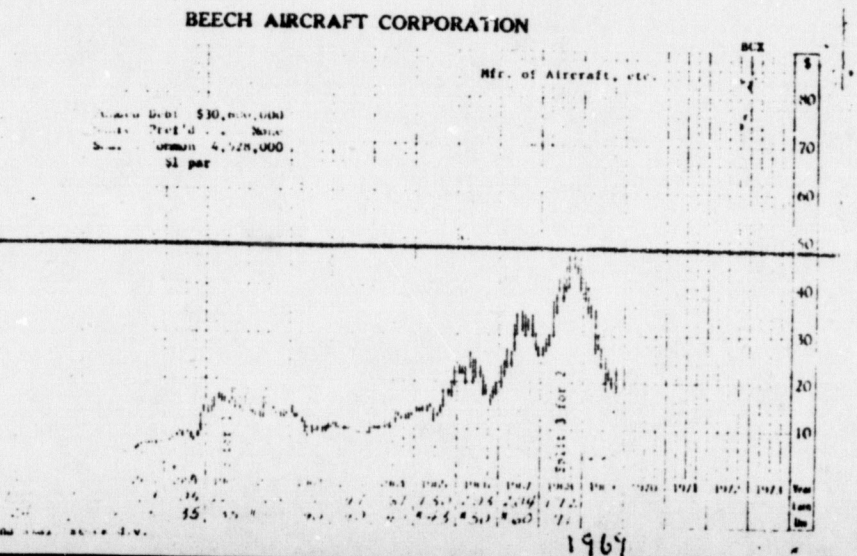


1969

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Attorney for

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Attorney for Piper

Service of $2 copies of the within Exhibits is hereby admitted this 3 day of January 1975

Signed Sullivan & Cromwell

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